

31 August 2021

ASX Code: MXC

LSE Code: MXC

Appendix 4E – Preliminary Final Report

MGC Pharmaceuticals Ltd ('MGC Pharma' or 'the Company') is pleased to provide its Preliminary Final Report (Appendix 4E) for the year ended 30 June 2021 in accordance with LR4.3A.

--Ends--

Authorised for release by the Board, for further information please contact:

MGC Pharmaceuticals Ltd

Roby Zomer
CEO & Managing Director
+61 8 6382 3390
info@mgcpharma.com.au

UK Broker – Turner Pope

Andy Thacker
+44 203 657 0050
info@turnerpope.com

MGC Pharmaceuticals Ltd

David Lim
Company Secretary
+61 8 6382 3390
info@mgcpharma.com.au

UK PR Advisors – Tavistock

Tim Pearson
+44 207 920 3150
Tim.Pearson@tavistock.co.uk





About MGC Pharma

MGC Pharmaceuticals Ltd (LSE: MXC, ASX: MXC) is a European based bio-pharma company developing and supplying affordable standardised phytocannabinoid derived medicines to patients globally. The Company's founders were key figures in the global medical cannabis industry and the core business strategy is to develop and supply high quality phytocannabinoid derived medicines for the growing demand in the medical markets in Europe, North America and Australasia. MGC Pharma has a robust product offering targeting two widespread medical conditions – epilepsy and dementia – and has further products in the development pipeline.

Employing its 'Nature to Medicine' strategy, MGC Pharma has partnered with renowned institutions and academia to optimise cultivation and the development of targeted phytocannabinoid derived medicines products prior to production in the Company's EU-GMP Certified manufacturing facility.

MGC Pharma has a number of research collaborations with world renowned academic institutions, and including recent research highlighting the positive impact of using specific phytocannabinoid formulations developed by MGC Pharma in the treatment of glioblastoma, the most aggressive and so far therapeutically resistant primary brain tumour.

MGC Pharma has a growing patient base in Australia, the UK, Brazil and Ireland and has a global distribution footprint via an extensive network of commercial partners meaning that it is poised to supply the global market.

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MGC PHARMACEUTICALS LTD

ABN 30 116 800 269

**Appendix 4E and Unaudited
Preliminary Financial Report**

30 JUNE 2021

MGC Pharmaceuticals Ltd provides the following information under listing rule 4.3A:

Details of reporting period and the previous corresponding period

REPORTING PERIOD

Financial Year ended 30 June 2021

PREVIOUS REPORTING PERIOD

Financial Year ended 30 June 2020

Results for announcement to the market

	30 June 2021 \$	Change %	30 June 2020 \$
Revenue	2,962,897	42.5%	2,079,169
Net (Loss) from ordinary activities <i>after tax attributable to members</i>	(13,965,106)	(27.88%)	(19,363,089)

	2021 Cents	2020 Cents
Earnings / (loss) per share	(0.73)	(1.40)
Net tangible assets per ordinary share*	0.08	0.20

* The calculation on net tangible assets per ordinary share includes right-of-use assets and lease liabilities.

Commentary on results

- 2021 delivered a year of significant business growth, with strong phytocannabinoid sales amounting to ~\$2.0million, being an increase of 69% from the previous year. Sales of ArtemiC amounted to ~\$705k, with the balance relating to revenues derived from consulting services provided by its wholly owned subsidiaries MedicaNL and Medicinal Cannabis Clinics (MCC). There was also considerable progress in advancing clinical trials which is evidenced with \$1.9million incurred on R&D activities.

Review of Operations

Highlights

Research & Development

- Completion of phase II ArtemiC™ Clinical Trial in December 2020, which delivered excellent results by meeting all primary and secondary endpoints, demonstrating a full safety profile with no drug related adverse events
- Recruitment of patients into the CimetrA™ Phase III clinical trial commenced at Rambam Health Care Campus and Nazareth Hospital EMMS in Israel in June 2021
- Following research into the treatment of glioblastoma showing MGC's proprietary formulation, CBG, impairs the major hallmarks of glioblastoma progression, commencement of the study into the use of SNEDD nano technology for the treatment of aggressive glioblastoma brain cancer
- Ethics committee approval from Schneider Children's Medical Centre of Israel for MGC Pharma's proprietary epilepsy treatment, CannEpi[®] to commence a Phase IIb clinical trial
- Enrolment of patients at the University of Notre Dame in Perth, Western Australia for MGC Pharma's CogniCann[®] phase II clinical trial on patients with dementia and Alzheimer's disease

Pharma operations

- Record cumulative sales of phytocannabinoid products in FY 21, with 12,457 units sold worldwide, amounting to ~\$2.0million in revenues
- €3.1million (\$4.9million) government grant secured from Malta Enterprise with construction underway on fully certified Good Manufacturing Practice (GMP) facility in Malta, for the production of ArtemiC™
- CannEpi[®] has been added to the Primary Care Reimbursement Service in the Republic of Ireland making it free of charge for Irish patients prescribed the treatment under its Medical Cannabis Access Program

Licences, approvals and distributions agreements

- Agreements signed with IM Cannabis Corp for the distribution of CannEpil® in Israel.
- Master supply and distribution agreement secured with leading European nutraceuticals producer and distributor, Swiss PharmaCan AG for a minimum of 40,000 units of ArtemiC™ Rescue per quarter

Corporate

- MGC Pharma became the first medicinal cannabis company to list on the London Stock Exchange following a successful £6.5million (~A\$12million) IPO placement, strongly supported by UK funds
- Acquisition of global pharmaceutical clinical research company, MediCaNL, to deliver MGC Pharma significant cost synergies and expedited clinical trial processes

Research and development / clinical trials**Phase II ArtemiC™ Clinical Trial**

During the year MGC Pharma released further results from its Phase II clinical and preclinical studies on ArtemiC™ which support ArtemiC™ being effective for addressing cytokine over production in all tested Covid patients. The Preclinical Trial was performed in the SIA preclinical Lab (Good Laboratory Practice (GLP) certified) in Israel. The ARDC model is the recommended preclinical animal model for cytokine storm, for the prediction of the human model of Covid-19 patients. The trial delivered strong results across a full safety profile with no drug-related adverse effects and is an immensely positive result for the treatment of Covid-19 globally.

Recruitment of patients into the CimetrA™ Phase III clinical trial

MGC Pharma received Ethics Committee approvals from Rambam Health Care Campus, Haifa and Nazareth Hospital EMMS in Israel and began data collection under the Phase III clinical trial to evaluate the efficacy and safety of ArtemiC™ as a treatment for moderate hospitalised patients diagnosed with Covid-19, and to provide additional data for claims on the product as an Investigational Medicinal Product (IMP).

As part of the Phase III clinical trial, the classification of the product has changed from a food supplement to an IMP. As a result, the product name under the Trial has changed from ArtemiC™ to CimetrA™. CimetrA™ becoming an IMP will include changing the drug carrier to a new polymeric drug carrier GraftBio™ (SNEDD – Self Nano Drug Delivery), with a view to potentially being registered as a drug in the future. The trial will ultimately enrol a total of 252 patients and will be conducted over a 28-day period. The company is confident that the clinical trial will show CimetrA™ to be an effective treatment against the symptoms of Covid-19.

Successful research into the treatment of glioblastoma

Working in collaboration with the Slovenian National Institute of Biology and Neurosurgery Department at the University Medical Centre, MGC Pharma has expanded the research program on the use of cannabinoids in the treatment of aggressive glioblastoma brain cancer to include testing the effect of both MGC Pharma proprietary treatments cannabidiol ('CBD') and cannabigerol ('CBG') following successful clinical trial results.

The results from 18 patient tumour samples show for the first time that the Company's proprietary formulation, CBG, exerts a superior effect in impairing the major hallmarks of glioblastoma progression, i.e., fast proliferation and invasion, and particularly enhancing glioblastoma cell death. CBG has shown it can destroy therapy-resistant glioblastoma stem cells, which are the root of cancer development and extremely resistant to various treatments of this lethal cancer.

The expanded In-vitro cannabinoid study on glioblastoma treatment is focused on testing cannabinoid formulations on fresh glioblastoma tumour tissues, obtained from patients after surgical removal of the tumour to determine the optimal cannabinoid preparation for the effective treatment of the remaining cancer. The aim of this research is to develop novel formulations and define the clinical protocols for clinical trials for the treatment of high-grade brain tumours with cannabinoids.

Ethics Committee approval for Phase IIb clinical trial for CannEpil®

In May 2021, MGC Pharma announced the receipt of Ethics Committee approval for its Phase IIb randomised, double blind, placebo controlled clinical study for CannEpil®, a phytocannabinoid derived IMP, designed to treat Drug Resistant Epilepsy with a high CBD, low THC formula. The clinical trial for CannEpil® will take place at the Schneider Children's Medical Hospital in Israel and will focus on the safety and efficacy of CannEpil® as an add-on treatment for children and adolescents with treatment resistant epilepsy, also known as refractory epilepsy. The trial is targeting the recruitment of more than 100 patients which began in July. This trial involves healthy

volunteers and aims to demonstrate the safety of CannEpi[®] in order to provide supportive data to the regulatory authorities.

Enrolment of patients for CogniCann[®] Phase II clinical trial

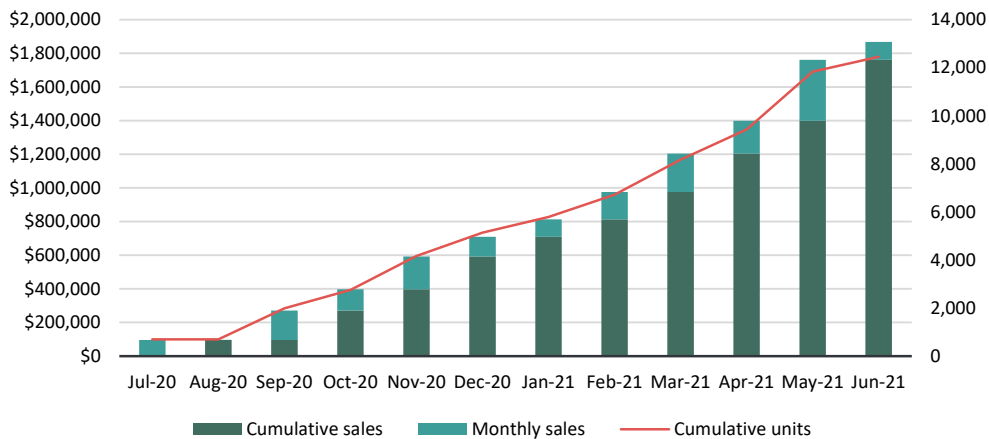
CogniCann[®], a formulation of phytocannabinoids that has been developed with the specific aim of treating Alzheimer’s and dementia, and is undergoing a Phase II clinical trial at the University of Notre Dame in Perth, Western Australia with 21 patients currently enrolled as at 25 May 2021. The trial is designed to evaluate the potential behavioural benefits of CogniCann[®] on patients with dementia and Alzheimer’s disease. The randomised double blind, crossover, placebo-controlled Clinical Trial will enrol 50 patients over its duration and is expected to last until Q4 2021.

Pharma operations

Phytocannabinoid product sales growth

Throughout FY21, MGC Pharma experienced strong growth in its phytocannabinoid product sales. As at the end of 30 June 2021, the Company had sold a total of 12,457 prescribed units of its standardised affordable cannabinoid medicines across Australia, UK & Brazil, a record for the company.

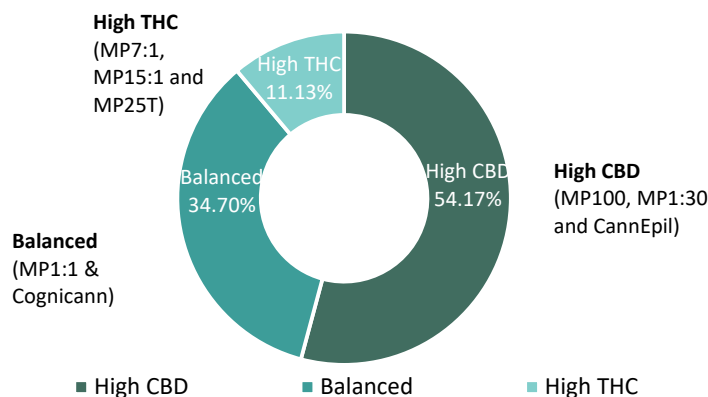
12 Month Cumulative Phytocannabinoid Product Sales to June 2021



Additionally, post the financial year end, MGC Pharma has implemented new commercial initiatives which are aimed at enhancing sales growth in the Company’s key Australian market. These include entering a Contract Sales Team Agreement with A. Menarini Australia Pty Ltd. (Menarini), the Australian arm of global pharmaceutical company, Menarini Group, who will provide eight additional sales personnel to the team and the launch of a new form factor, MGC THC 20 whole flower.

MGC Pharma expects to see strong revenue growth of its phytocannabinoid products in the coming months on the back of these commercial changes, particularly within the Australian market.

Phytocannabinoid Sales by Product for the FY21



Maltese GMP facility completion scheduled for October 2021

In Q2 FY 21, the Company was awarded a ~\$4.95million (€3.1million) grant from Malta Enterprise to renovate and extend the Company's existing Clinical Research Organisation facility in Malta to include a fully functioning GMP certified manufacturing facility for ArtemiC™. Building work commenced in December 2020, and has made good progress, with construction expected to be completed in October 2021. The commissioning of the Malta facility to full operational capacity will be completed in 2022.

The facility will enable the company to immediately increase ArtemiC™ production volumes and reduce logistics costs via the Malta facility due to its optimal geographic location and shipping access.

CannEpil® made available for patients in Ireland

MGC Pharma's proprietary cannabis derived epilepsy Investigational Medicinal Product (IMP) CannEpil® was added to the Republic of Ireland's Health Service Executive (HSE) following the incorporation of the Medical Cannabis Access Programme (MCAP) into the HSE's Service Plan.

CannEpil® will be available free of charge to patients under the Long-Term Illness Scheme, GMS (Medical Card) Scheme, and the Drugs Payment Scheme on a named patient basis, and is an important step in providing refractory epilepsy patients access to CannEpil® across Europe and improving their quality of life.

Corporate**Listing on the London Stock Exchange**

In February, MGC Pharmaceuticals successfully completed a £6.5million (circa AUD\$12million) placement to become the first medicinal cannabis company to list on the London Stock Exchange.

The fundraise was supported by high quality UK institutions, and supported by family offices and high net worth investors. It will enable MGC Pharma to fund further clinical trials and scientific research into the use of medicinal cannabis, expand its range of proprietary products and bolster its manufacturing capacities to meet the rapidly increasing global demand.

Acquisition of MediCaNL - Driving efficiencies in medical research

In April 2021 MGC Pharma acquired MediCaNL Israel 2019 Ltd (MediCaNL), an Israeli company operating in, and providing specialist services to the pharmaceutical sector for the development of new medicines. MediCaNL offers clinical and preclinical trial services, as well as providing assistance with clinical trials, including supplying research data from past Phase I to IV studies. Consideration for the acquisition totalled \$6,000,000 of MGC Pharma shares (based on a price of \$0.067 per share).

As part of the acquisition, MediCaNL will continue to work with its existing clients and its current 40 projects and clinical trials. It will enable MGC Pharma to streamline the process of bringing medicines and products to market by increasing its clinical trial capacity and making clinical trial performance and design an insourced activity. The acquisition will also deliver significant and ongoing cost savings to the Company, with MGC Pharma undertaking a number of Phase I, Phase II, and Phase III clinical trials.

As part of the agreement, Dr Nadya Lisovoder, CEO of MediCaNL Inc, who had been working with MGC Pharmaceuticals over the past two years, has joined permanently as our first Chief Research Officer.

Events subsequent to year end

Subsequent to year end, the Company had the following events for disclosure:

On 8 July 2021 Mercer elected to convert \$500,000 of its convertible notes into 14,792,899 ordinary shares, leaving a balance of \$3,350,000 in convertible notes at the date of this report.

On 12 August 2021 the Company held a General Meeting with performance rights issued to the Directors. As these performance rights were agreed to be issued during the financial year, then have been expensed over the relevant service conditions within the current year.

On 26 August, the Company executed a US\$24 million supply agreement with AMC Holdings Inc of MGC phytomedicine products over three years, with a minimum of US\$3 million within the first year.

Outlook

MGC anticipates significant growth in the coming year, both of its sales of existing product and in its clinical pipeline. Via its existing relationships and through new distribution and access agreements in existing and new geographies, MGC will be increasing sales as well as facilitating awareness and clinical activities supporting the company's product lines enroute to Market Authorization.

MGC has taken significant steps towards becoming a global biopharma Company with a focus on phytocannabinoid and plant-based treatments, available to patient populations in need around the world. Our research and development agenda, coupled with our robust clinical platform, sets us at the forefront of this significant emerging segment of the global pharmaceutical market. MGC intends to ensure our position over the coming years by continually bringing products to markets with full market authorization and in keeping with global regulations, offering cost effective treatments to patients with underserved indications the world over.

Dividends and distributions

The Board has not declared dividends or made dividend payments in the periods 30 June 2021 and 2020. The Company does not have any dividend or distribution reinvestment plans in operation.

Details of subsidiaries over which control has been gained or lost

During the year MGC Pharma had the following changes to its corporate structure;

- 1 January 2020: Incorporated a wholly owned Australian subsidiary **Medicinal Cannabis Clinic Pty Ltd**, to house all of the assets acquired relating to the telehealth clinic acquired from Cannvalate Pty Ltd, as announced to the market on 23 November 2020.
- 21 April 2021: Acquired 100% of the Israeli operating entity, **MedicaNL Israel 2019 Ltd**, being a pharmaceutical clinical research organisation

In the prior year there was an increase in the percentage holding of Panax Pharma s.r.o from 80% to 86.67%.

Audit Status

The consolidated financial statements are in the process of being audited. It is anticipated that the independent audit report will include an emphasis of matter on going concern.

Financial Report

The following financial report included in this Appendix 4E does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and operating, financing and investing activities of the consolidated entity as the full financial report. The financial report should be read in conjunction with any public announcements made by MGC Pharmaceuticals Limited in accordance with the continuous disclosure obligations of the ASX Listing Rules. The accounting policies applied are the same as those noted in the most recent interim financial report and previous annual report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

		30-Jun-21	30-Jun-20
	<i>Note</i>	\$	\$
Continuing operations			
Revenue from contracts with customers	1	2,962,897	2,079,169
Cost of sales	2a	(1,652,485)	(1,904,504)
Gross profit		1,310,412	174,665
Other operating income		606,745	518,851
Administrative expenses	2b	(8,287,864)	(6,609,147)
Other operating expenses	2c	(5,250,690)	(5,520,556)
Fair value movement on financial instruments		(1,001,852)	(2,098,064)
Write-off/impairment expense	2d	(546,995)	(5,117,767)
Operating loss		(13,170,244)	(18,652,018)
Finance costs	2e	(369,135)	(135,582)
Finance income		7,632	12,336
Other income		-	5,465
Loss before income tax from continuing operations		(13,531,747)	(18,769,799)
Income tax benefit / (expense)		27,278	-
Loss for the year from continuing operations		(13,504,469)	(18,769,799)
Discontinued operations			
(Loss) / gain after tax for the year from discontinued operations		(462,637)	(600,427)
Loss for the year		(13,967,106)	(19,370,226)
Attributable to:			
Members of the parent entity		(13,965,106)	(19,363,089)
Non-controlling interest		(2,000)	(7,137)
		(13,967,106)	(19,370,226)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on the translation of foreign operations		131,416	51,356
Other comprehensive income (net of tax) for the year		131,416	51,356
Total comprehensive loss for the year		(13,835,690)	(19,318,870)
Total comprehensive loss attributable to:			
Members of the parent entity		(13,833,372)	(19,311,733)
Non-controlling interest		(2,318)	(7,137)
		(13,835,690)	(19,318,870)
Earnings per share			
Basic and diluted loss for the year attributable to ordinary equity holders of the parent	11	(0.73)	(1.40)
Earnings per share for continuing operations			
Basic and diluted loss for the year attributable to ordinary equity holders of the parent	11	(0.71)	(1.36)

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

As at 30 June 2021

	<i>Note</i>	30-Jun-21 \$	30-Jun-20 \$
CURRENT ASSETS			
Cash and cash equivalents		5,433,241	1,873,373
Inventory	3	872,444	402,237
Trade and other receivables	4	2,348,634	521,684
Prepayments		546,576	71,032
Non-current assets classified as held for sale	5	280,475	362,657
Total Current Assets		9,481,370	3,230,983
NON-CURRENT ASSETS			
Plant and equipment	7	5,272,202	2,192,974
Intangible assets	6	7,048,880	-
Financial assets		564,186	673,740
Right-of-use assets		1,869,006	1,831,377
Total Non-Current Assets		14,754,274	4,698,091
TOTAL ASSETS		24,235,644	7,929,074
CURRENT LIABILITIES			
Trade and other payables	9b	1,796,235	2,705,818
Deferred revenue	9a	-	100,440
Liabilities directly associated with non-current assets classified as held for sale	5	89,659	109,254
Deferred consideration	6	4,200,000	-
Financial liabilities at fair value through profit or loss	8	4,690,532	-
Lease liabilities - current		209,433	53,924
Total Current Liabilities		10,985,859	2,969,436
NON-CURRENT LIABILITIES			
Provisions		-	19,982
Deferred income	9a	2,506,281	-
Lease liabilities - non-current		1,773,374	1,845,300
Total Non-Current Liabilities		4,279,655	1,865,282
TOTAL LIABILITIES		15,265,514	4,834,718
NET ASSETS		8,970,130	3,094,356
EQUITY			
Contributed equity	10	77,751,342	60,149,457
Share based payment reserve		7,490,483	5,380,904
Foreign currency translation reserve		212,381	85,284
Consolidation reserve		(382,404)	(382,404)
Accumulated losses		(76,093,024)	(62,127,918)
Equity attributable to equity holders of the parent		8,978,778	3,105,323
Non-controlling interest		(8,648)	(10,967)
TOTAL EQUITY		8,970,130	3,094,356

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Consolidation Reserve	Retained Earnings	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	49,133,819	4,556,418	33,928	-	(42,764,829)	(161,163)	10,798,173
Other comprehensive income	-	-	51,356	-	-	-	51,356
Loss after income tax expense	-	-	-	-	(19,363,089)	(7,137)	(19,370,226)
Total comprehensive loss for the year	-	-	51,356	-	(19,363,089)	(7,137)	(19,318,870)
Shares issued during the year (net of share issue costs)	9,911,672	-	-	-	-	-	9,911,672
Transfer to issued capital	869,931	(869,931)	-	-	-	-	-
Share based payment	-	1,694,417	-	-	-	-	1,694,417
Acquisition of non-controlling interest	234,035	-	-	(382,404)	-	157,333	8,964
Balance at 30 June 2020	60,149,457	5,380,904	85,284	(382,404)	(62,127,918)	(10,967)	3,094,356
Other comprehensive income	-	-	127,097	-	-	4,319	131,416
Loss after income tax expense	-	-	-	-	(13,965,106)	(2,000)	(13,967,106)
Total comprehensive loss for the year	-	-	127,097	-	(13,965,106)	2,319	(13,835,690)
Shares issued during the year (net of share issue costs)	9,412,411	1,101,977	-	-	-	-	10,514,388
Transfer to issued capital	418,000	(418,000)	-	-	-	-	-
Share based payment	453,113	1,425,602	-	-	-	-	1,878,715
Acquisition of business (MedicaNL)	1,800,000	-	-	-	-	-	1,800,000
Acquisition of business (MCC)	1,000,000	-	-	-	-	-	1,000,000
Equity issued to extinguish financial liabilities	1,231,698	-	-	-	-	-	1,231,698
Conversion of convertible notes	2,250,000	-	-	-	-	-	2,250,000
Exercise of options	1,036,663	-	-	-	-	-	1,036,663
Balance at 30 June 2021	77,751,342	7,490,483	212,381	(382,404)	(76,093,024)	(8,648)	8,970,130

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

Note	30-Jun-21 \$	30-Jun-20 \$
<i>Cash flows from operating activities</i>		
Receipts from customers	2,162,812	2,072,246
Payments to suppliers and employees	(11,264,762)	(8,452,920)
Payments for research activities	(3,839,592)	(3,973,805)
Research and development rebate	507,248	429,401
Interest received	7,984	14,242
Interest paid	(7,398)	(135,582)
Income tax paid	-	-
Net cash used in operating activities	(12,433,708)	(9,956,867)
<i>Cash flows from investing activities</i>		
Subsidiary disposed; net of cash disposed of	(79,687)	(13,252)
Acquisition of business; net of cash acquired	(293,562)	-
Government grant received	2,450,747	89,551
Proceeds from sales of plant and equipment	-	5,465
Proceeds from sale of investments	302,823	-
Purchase of plant and equipment / assets under construction	(3,327,105)	(962,097)
Net cash used in investing activities	(946,784)	(969,884)
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares and conversion of options	12,759,697	11,433,193
Proceeds from borrowings	5,750,000	-
Loans to third parties	(524,009)	-
Payment of lease liabilities	(105,099)	(183,611)
Transaction costs on issue of shares	(1,202,646)	(787,677)
Net cash provided by financing activities	16,677,943	10,461,905
Net increase / (decrease) in cash and cash equivalents held	3,297,451	(464,846)
Cash and cash equivalents at beginning of year	1,873,373	2,354,086
Foreign exchange movement in cash	262,417	(15,867)
Cash and cash equivalents at end of year	5,433,241	1,873,373

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Condensed Consolidated Financial Statements

For the year ended 30 June 2021

1. REVENUE FROM CONTRACTS WITH CUSTOMERS

	30-Jun-21	30-Jun-20
	\$	\$
Sales revenue		
Pharma sales	2,726,075	1,197,130
Consulting services	236,822	-
Non-pharma sales	-	882,039
	2,962,897	2,079,169

2. COST OF SALES AND EXPENSES

	30-Jun-21	30-Jun-20
	\$	\$
a) Cost of sales		
Cost of goods sold - Pharma	1,482,535	1,242,311
Cost of sales - Consulting	169,950	-
Cost of goods sold – Non-pharma	-	662,193
	1,652,485	1,904,504
b) Administrative expenses		
Corporate costs	511,705	303,681
Professional and consultancy fees	1,483,060	1,819,532
Directors' fees	871,804	1,178,114
Employee benefit expenses	1,867,248	485,412
Employee share based payment expense	1,647,715	854,915
Travel expenses	309,272	399,934
Marketing expenses	583,185	562,125
Depreciation	491,408	481,130
Office and administrative expenses	522,467	524,304
	8,287,864	6,609,147
c) Other operating expenses		
Unrealised foreign exchange	(44,386)	69,896
Realised foreign exchange	74,400	80,506
Inventory write-off	128,210	-
Laboratory operation expenses	3,194,687	3,285,946
Research expense	1,897,779	2,084,208
	5,250,690	5,520,556
d) Impairment expense		
Write off/impairment of intangible assets	-	5,117,767
Impairment of loans to third parties	546,995	-
	546,995	5,117,767
e) Finance cost		
Finance costs	369,135	135,582
	369,135	135,582

3. INVENTORY

	30-Jun-21	30-Jun-20
	\$	\$
Inventories	300,834	92,511
Raw materials	571,610	290,940
Work in progress	-	18,786
	872,444	402,237

4. TRADE AND OTHER RECEIVABLES

	30-Jun-21	30-Jun-20
	\$	\$
Current		
Trade receivables	840,959	-
Other receivables	818,784	214,209
GST/VAT receivable	688,891	254,297
Loan to third party	546,995	53,178
Provision against loans*	(546,995)	-
	2,348,634	521,684

* During the year funds were sent to an unrelated entity to advance registration of its phytomedicine products in Russia and CIS countries. MGC Pharma will hold a 54% interest in this entity in coming months.

5. ASSETS AND LIABILITIES HELD FOR SALE

Towards the end of the 2020 financial year MGC Pharma signed an agreement to sell its 100% interest in subsidiary MGC Nutraceuticals to a US OTC publicly traded company, Onassis Holdings Corp. (OTC: "ONSS"). The transaction has been delayed however is expected to be completed in the 2022 financial year.

As at 30 June 2021, MGC Nutraceuticals has been classified as a disposal group held for sale and as a discontinued operation.

6. BUSINESS COMBINATIONS

	30-Jun-21	30-Jun-20
	\$	\$
Intangible assets (provisional)		
Opening balance at 1 July	-	5,034,309
- write-off/provision for impairment	-	(5,038,064)
- Goodwill on acquisition of Medicinal Cannabis Clinics	1,400,000	-
- Goodwill on acquisition of MedicaNL ¹	5,648,880	-
- Foreign currency translation	-	3,755
	7,048,880	-

1. An amount of \$4,200,000 remains payable as deferred consideration to the vendors of MedicaNL at reporting date.

7. PLANT AND EQUIPMENT

	30-Jun-21	30-Jun-20
	\$	\$
Plant and equipment		
- gross carrying amount at cost	1,938,890	1,964,672
- accumulated depreciation	(1,105,797)	(905,455)
	833,093	1,059,217
Construction in progress		
- gross carrying amount at cost	4,439,109	1,133,757
- accumulated depreciation	-	-
	4,439,109	1,133,757
Total property, plant and equipment	5,272,202	2,192,974

8. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30-Jun-21	30-Jun-20
	\$	\$
Financial liabilities at fair value through profit or loss		
<i>Convertible notes</i>		
Opening balance – at 1 July	-	-
Issue of convertible notes	5,750,000	-
Converted to ordinary shares	(2,250,000)	-
Loss on remeasurement of financial liability	1,190,532	-
Closing balance – fair value at 30 June	4,690,532	-

9. PAYABLES AND DEFERRED REVENUE/INCOME

a) Deferred Revenue/Income

	30-Jun-21	30-Jun-20
Current	\$	\$
Deferred revenue - current	-	100,440
Closing balance	-	100,440
Non-Current	\$	\$
Deferred income - Malta grant*	2,506,281	-
Closing balance	2,506,281	-

* During the year, the Group received approval for a grant from Malta Enterprises to cover 80% of the construction costs of a production facility, to the value of €3,073,000 (\$4,925,000). As at 30 June, an amount of \$2,505,281 had been received from Malta Enterprise. In accordance with AASB 120, the grant will be recognised as income on a systematic basis over the useful life of the building once completed.

b) Trade and other payables

	\$	\$
Trade payables	1,222,143	2,003,677
Accruals	380,770	556,205
Other payables	193,322	145,936
Closing balance	1,796,235	2,705,818

10. CONTRIBUTED EQUITY

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

	30-Jun-21 NUMBER	30-Jun-20 NUMBER	30-Jun-21 \$	30-Jun-20 \$
Ordinary shares on issue, fully paid	2,319,502,595	1,575,612,348	77,751,342	60,149,457
	2,319,502,595	1,575,612,348	77,751,342	60,149,457

11. EARNINGS PER SHARE

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

	30-Jun-21	30-Jun-20
Earning per share		
Basic loss per share (cents)	(0.73)	(1.40)
Diluted loss per share (cents)	(0.73)	(1.40)
Earnings per share from continuing operations		
Basic loss per share (cents)	(0.71)	(1.36)
Diluted loss per share (cents)	(0.71)	(1.36)
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	\$	\$
From continuing operations	(13,502,469)	(18,762,662)
From discontinued operations	(462,637)	(600,427)
	(13,965,106)	(19,363,089)
	Number	Number
Weighted average number of ordinary shares and potential ordinary shares		
Weighted average number of ordinary shares used in calculating basic and diluted EPS	1,906,114,879	1,382,194,646

12. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to year end, the Company had the following events for disclosure:

On 8 July 2021 Mercer elected to convert \$500,000 of its convertible notes into 14,792,899 ordinary shares, leaving a balance of \$3,350,000 in convertible notes at the date of this report.

On 12 August 2021 the Company held a General Meeting with performance rights issued to the Directors. As these performance rights were agreed to be issued during the financial year, then have been expensed over the relevant service conditions within the current year.

On 26 August, the Company executed a US\$24 million supply agreement with AMC Holdings Inc of MGC phytomedicine products over three years, with a minimum of US\$3 million within the first year.