

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 2022 in accordance with LR4.3A.

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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 2022

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 2022

PREVIOUS REPORTING PERIOD

Financial Year ended 30 June 2021

Results for announcement to the market

	30 June 2022 \$	Change %	30 June 2021 \$
Revenue	4,646,988	56.84 %	2,962,897
Net (Loss) from ordinary activities <i>after tax attributable to members</i>	(17,138,732)	(7.98%)	(15,871,978)

	2022 Cents	2021 Cents
Earnings / (loss) per share	(0.67)	(0.83)
Net tangible assets per ordinary share*	0.21	0.43

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

Commentary on results

- 2022 delivered a year of significant business growth, with strong sales amounting to ~\$4.6million for the Group, being an increase of 56.84% from the previous year. Sales of **ArtemiC™** together with the Company's phyto-cannabinoid medicine products (\$2.7m) drove the major sales growth and record revenue result for the financial year, and consulting services provided by its wholly owned subsidiaries MedicaNL and Medicinal Cannabis Clinics (MCC). The Company also completed or advanced a number of critical clinical trials during the year as set out in the Review of Operations below, which is evidenced with \$2million incurred on R&D activities.

Review of Operations

Highlights

Research & Development

- Preliminary results from a pre-clinical in-vitro study into **CimetrA™**'s method of action in inhibiting cytokine production indicates that **CimetrA™** moderates the body's release of pro-inflammatory cytokine related to indications such as Rheumatoid Arthritis, Inflammatory bowel disease, Asthma, Psoriasis and Chronic obstructive pulmonary disease.
- Commenced **CimetrA™** Phase IIb Clinical Study to determine the most effective concentrations of the active ingredients for dosage, and further validate the anti-inflammatory and immune modulating effects of the product. Completed **CogniCann®** phase II Clinical Trial on patients with dementia and Alzheimer's disease during the year, with trial results demonstrating the ability of **CogniCann®** to inhibit the deterioration in the behaviour of patients with dementia.
- Completed Pre-clinical in-vitro Glioblastoma research study, with published final results which demonstrate that MGC Pharma's proprietary formulations were cytotoxic to Glioblastoma tumour and stem cells, reducing the cells' viability and inducing caspase-dependent cell apoptosis (or cell death).
- Commenced Clinical Study into the efficacy of MGC Pharma's **ArtemiC Support®** in improving the functional status and symptomatology in patients suffering with Long COVID. Positive Study results were published in July 2022 indicate that **ArtemiC Support®** is effective in reducing Long COVID symptoms, including Dyspnea, Cough, Asthenia, Headache and Mental Confusion.

Operations

- Construction of Maltese GMP commercial production facility completed, and GMP certification audit process commenced in Q3 2022.
- MGC Pharma delivers Swiss PharmaCan's ~A\$1,000,000 order of **ArtemiC™** in November 2021.
- Record year on year sales of phytocannabinoid products in FY 22, with 17.9K units sold worldwide, amounting to ~\$2.7million in revenues.

Licences, Approvals and Distributions Agreements

- US Sales and Distribution Agreement signed with US entity AMC Holding Inc (**AMC**) for a range of MGC Pharma's proprietary products, resulting in a ~\$1.4M (US\$750,000) advance payment from AMC, including collaboration on US clinical trials.
- AMC Sales and Distribution Agreement amended in August 2022 to include **ArtemiC™**.
- Strategic partnership agreement entered into with international pharmaceuticals company, Sciensus Rare, for the exclusive distribution of MGC Pharma's **CannEpi®** and **CogniCann®** products in key European territories including Ireland, and the UK.
- Free Trade Certificate Issued for MGC Pharma's ArtemiC™ allowing marketing of the product in the European Union.
- Slovenian Intellectual Property Office grants Patents for MGC Pharma's **CimetrA™** and **CannEpi®** products, providing commercial protection for the product's unique formulations and manufacturing processes for a period of 20 years.

Corporate

- December 2021 ~A\$10.3M (£5.5M) equity raising successfully completed, led by UK based institution investors and a US investment fund.
- MGC Pharma's Head Office relocated to London as part of the Company's corporate restructuring, which includes the appointment of a UK based Chief Financial Officer alongside the Company's Group Financial Controller, and Chief Commercial Officer responsible for driving global sales growth of the business.

Research and development / clinical trials

CimetrA™ Pre-clinical In-vitro Method of Action Study

Preliminary results from a Pre-clinical In-vitro study have indicated that MGC Pharma's proprietary product, **CimetrA™** has a wide-ranging application as an anti-inflammatory treatment, through the modulation of the production of pro-inflammatory cytokines.

The study undertaken by Israeli contract research organisation Science in Action built on previous studies commissioned by MGC Pharma, and examined the mechanism of **CimetrA™**'s anti-inflammatory effect in Human Peripheral Blood Mononuclear Cells (PCBC).

The study has found that **CimetrA™** moderates the body's release of pro-inflammatory cytokines by effecting their gene expression and transcription factors.

Specifically, the preliminary results of the study have demonstrated the effective blocking of the mRNA expression of IL-32, the pro-inflammatory cytokine related to Rheumatoid Arthritis, Inflammatory bowel disease, Asthma, Psoriasis and Chronic obstructive pulmonary disease.

Previous clinical trials had indicated that **CimetrA™** is effective in inhibiting a cytokine storm, which is seen as a sudden increase in different pro-inflammatory cytokines, including IL-1, IL-6 and TNF- α , associated with COVID-19, and was able to treat symptoms of both mild and severe cases of the disease.

Following this successful study, MGC Pharma plans to further explore aspects of **CimetrA™**'s profile and mechanism of action and begin planning the next phases of its clinical development.

CogniCann® Phase II Clinical Trial

The 18 week, double-blind cross-over Clinical Trial with 22 Australian patients, was undertaken in conjunction with the University of Notre Dame in Western Australia and involved eligible patients commencing a six-week treatment course with **CogniCann®**, before switching (crossing over) to a six-week course of placebo, with a two-week

'washout' period between the two arms. The study's objectives were to assess the safety and efficacy of **CogniCann®**, including the assessment of the behavioural benefits of **CogniCann®** on dementia patients measured using several evaluation tools including a Neuropsychiatric Inventory - Nursing homes (NPI-NH) Questionnaire and a Cohen-Mansfield Agitation inventory Questionnaire.

The study results demonstrated that there was no difference in the safety profile between the **CogniCann®** and Placebo groups, indicating that **CogniCann®** was safe to use by patients with dementia. Furthermore, the results showed that after 44 days, patients in the Placebo group experienced a deterioration in their condition, based on their NPI-NH score, compared with the stable neuropsychiatric profile of those patients treated with **CogniCann®**, indicating that the early-stage use of **CogniCann®** may be beneficial in the treatment of dementia patients.

Aggressive behaviour is one of the most serious of the disturbances experienced by dementia patients, and is a common cause for psychiatric referral, admission to hospital and drug treatment. During the 44-day study period the treatment group's Cohen-Mansfield Agitation Inventory Aggressive subscale improved by 13%, compared with the Placebo group which improved by 4%. This important finding indicates that **CogniCann®** not only improved in the health status of the patients, but also the improved the quality of life of the families and caregivers that are taking care of dementia patients.

Glioblastoma Pre-clinical In-vitro Study Results

Final results from the Company's pre-clinical in-vitro Glioblastoma research study, conducted between 2019-2022, demonstrated that MGC Pharma's proprietary formulations were cytotoxic to Glioblastoma tumour and stem cells, reducing the cells' viability and inducing caspase-dependent cell apoptosis (or cell death).

The study was undertaken on biopsy samples taken from 18 patients, and over 5,800 cell tests over the course of the study, to determine the most effective concentrations and ratios of Cannabidiol (**CBD**) and Cannabigerol (**CBG**) in the treatment formulation. The results of the study have demonstrated the efficacy of cannabinoids in treating Glioblastoma, as well as determining the most effective ratio of CBD:CBG in inhibiting the tumours' viability, setting off the cascade of biological processes leading to the apoptosis (cell death) of the Glioblastoma tumour and stem cells. With Glioblastoma stem cells being the main cause of the disease's progression, and which are highly resistant to standard therapies.

With the results of the research study demonstrating the cannabinoid treatment's viability, MGC Pharma is now planning additional research programs to further demonstrate the formulation's efficacy as a treatment for Glioblastoma.

ArtemiC Support® Long COVID Study

During the year MGC Pharma, in conjunction with partners Swiss PharmaCan AG and Glow LifeTech Ltd, commenced a Clinical Study to determine the influence of MGC Pharma's proprietary supplement **ArtemiC Support®** in patients with Long COVID syndrome, a condition associated with an infection of COVID-19.

The ArtemiC Support® Long COVID Study which received Ethics Committee approval from Spanish Foundation, IDIAP Jordi Gol, commenced in December 2021, with results of the study released by the Company on 14 July 2022.

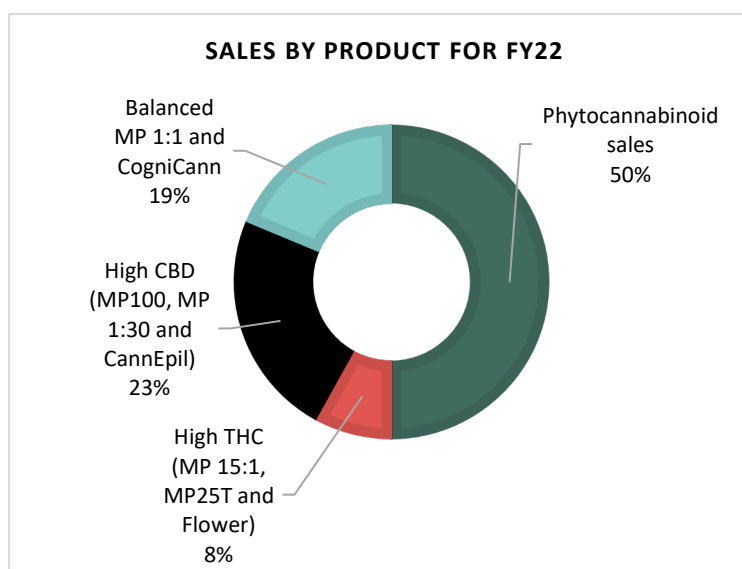
The study, which enrolled 150 patients suffering from Long COVID and administered **ArtemiC Support®**, an Oral Spray, measured their progress using a Post-COVID Functional Scale (PCFS) and a 10-point Likert scale 1, 2, 3 and 6 weeks after treatment initiation. During the study the symptoms measured included:

1. Dyspnea - shortness of breath
2. Asthenia - abnormal physical weakness or lack of energy
3. Anosmia - loss of senses of smell
4. Ageusia - loss of sense of taste
5. Cough
6. Headache
7. Mental confusion

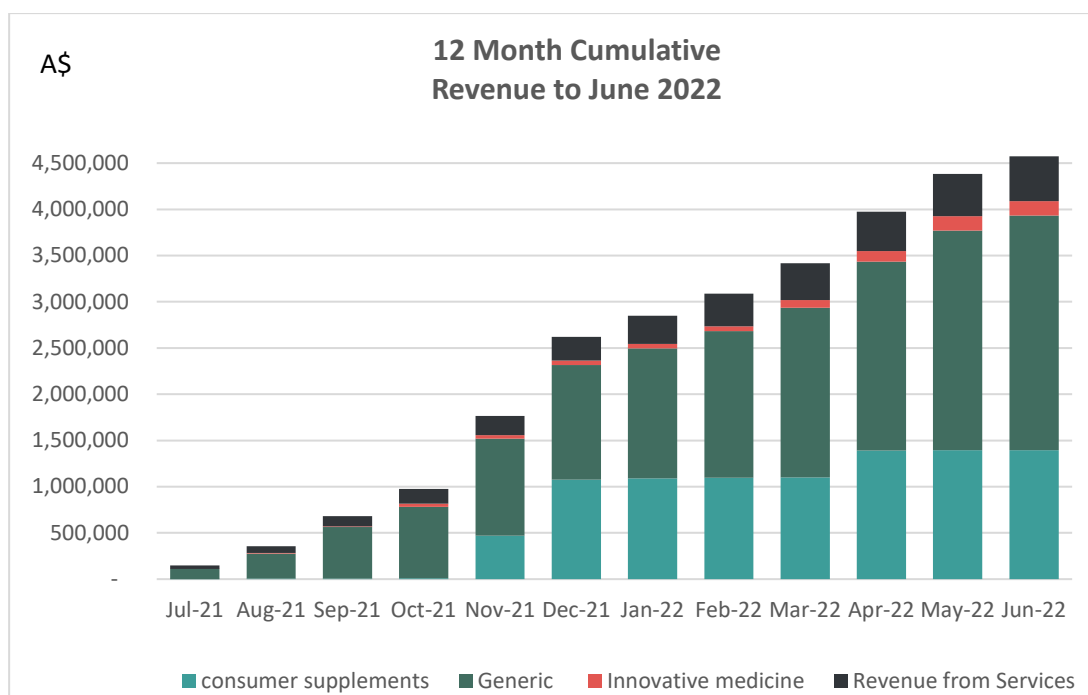
With the results of the study demonstrating **Artemic Support**®’s statistically significant efficacy in reducing the severity of a number of Long COVID symptoms, including Dyspnea, Cough, Asthenia, Headache and Mental Confusion.

Phytocannabinoid product sales growth

Throughout FY22, MGC Pharma experienced strong growth in its phytocannabinoid product sales. As at 30 June 2022, the Company had sold a total of 17,920 prescribed units of its standardised affordable cannabinoid medicines across Australia, UK & Brazil, a record sales year for the Company.



Additionally, during the year, MGC Pharma implemented new commercial initiatives which are driving sales growth in the Company’s key Australian market. This included entering a Contract Sales Team Agreement with A. Menarini Australia Pty Ltd., the Australian arm of global pharmaceutical company, Menarini Group, who provided eight additional sales personnel to the team, and the launch of a new form factor, MGC THC 20 whole flower.



Completion of Maltese GMP Production Facility

During the financial year MGC Pharma took possession of its newly constructed production facility located in Malta.

The new, fully automated production facility, will create a European manufacturing hub for a number of products, including **CimetrA™** and other liquid form dose medicines, putting MGC Pharma in a very strong manufacturing position to significantly reduce production costs, increase per unit profit margins and streamline global distribution through convenient shipping access.

MGC Pharma received a grant from the Maltese Government via Malta Enterprise, which reimbursed the Company up to 80% of the total costs of construction and equipment fitout of the facility, up to a total of \$4.7 million (€3 million). The facility, once GMP certified, will have the capacity to produce over 20,000 units in liquid dose form per day, double that originally planned, making it an important part of MGC's manufacturing strategy.

Corporate

Placement

In December 2021 the Company successfully completed a ~A\$10.3M equity placement, which was strongly supported by a mix of institutional and family office investors from the UK and USA, comprising both new and existing shareholders.

Since listing on the London Stock Exchange in February 2021, MGC Pharma has been resolutely focused on developing its clinical pipeline, and to progress towards market authorisation for these products. Primarily, MGC Pharma has been working on achieving Emergency Use Authorisation for **CimetrA™**, its proprietary nanoparticle micellar formulation, which in preclinical and clinical trials has demonstrated that product is effective as a treatment for symptoms of COVID-19 in both mild and severe cases.

In addition to the activities aimed at bringing **CimetrA™** to market, the Company has also been progressing a number of clinical and pre-clinical studies on a number of products, as outlined in the "Research and development / clinical trials" section above, as it seeks to develop a range of effective phyto-based medicines, with funding of these activities critical for the Company's strategy to development its product pipeline.

Events subsequent to year end

Subsequent to the year end the Company announced the following key events:

- The acquisition of a 40% shareholding in ZAM software Ltd (**ZAM**), a UK incorporated entity, and the owner a proprietary Artificial Intelligence data gathering software algorithm, with real-time data collection applications for use across the pharmaceutical and health care sectors. MGC Pharma issued ~\$1.2M (£700,000) in MGC Pharma shares as consideration for its 40% shareholding in ZAM.
- With the Company's production hub centred in the EU, and a key plank of its business strategy to centre the Company in the UK, following its listing on the London Stock Exchange in February 2021, MGC Pharma's accounting and finance function was relocated from Australia to the United Kingdom during the year. As part of this restructure, the Company appointed an experienced UK based CFO, Angel-Marie Graham, a fellow of the ACCA and holding a MSc in Professional Accountancy from the University of London.
- On 19 July 2022 the Company announced the appointment of Mr Rob Clements as its Chief Commercial Officer, a newly created position brings together oversight and leadership the Company's Business Development, Marketing and Sales functions. Mr Clements brings with him over 30 years of international experience in the pharmaceuticals sector, having previously held several senior roles in business development, commercial and marketing. Most recently, Mr Clements was Vice President Business Development of the international rare medicines division of Sciusus Rare, an international pharmaceutical services company based in the Netherlands, specialising in the provision of rare disease medicines. An expert in market development for rare and chronic diseases, Mr Clements' appointment will help drive forward the Company's strategy and goal of becoming a leading supplier of plant derived medicines.
- On 29 July 2022 the company announced a new convertible securities financing agreement with Mercer Street Global Opportunity Fund, LLC, a fund managed by Mercer Street Capital Partners, LLC, a United States-based institutional fund manager and MGC Pharma's largest shareholder, to provide the Company with a substantial funding facility of up to a total of \$14.6m (US\$10m), with an initial tranche of \$1.68 (US\$1.2m) issued in September 2022
- On 25 August 2022 the company announced that it had drawn down a new financing tranche of \$1m (US\$750m) under the above loan facility.

Outlook

MGC anticipates significant growth in the coming year, both of its sales of existing products, and those in its clinical pipeline. Through its existing relationships and new distribution and access agreements in existing and new geographies, MGC is seeking to increase its sales as well as facilitating awareness and clinical activities supporting the Company's product lines en route to Market Authorisation.

MGC has taken significant steps towards becoming a global biopharma Company with a focus on making phytocannabinoid and other 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 authorisation 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 2022. 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 Prior 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

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 due to the Company not being self-funding at present.

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 2022

		30-Jun-22	30-Jun-21 (Restated)
	<i>Note</i>	\$	\$
Continuing operations			
Revenue from contracts with customers	1	4,646,988	2,996,053
Cost of sales	2a	(3,013,638)	(1,768,153)
Gross profit		1,633,350	1,227,900
Other operating income		9,189	606,745
Administrative expenses	2b	(10,463,363)	(8,528,336)
Other operating expenses	2c	(5,041,309)	(5,275,008)
Fair value movement on financial instruments		(773,975)	(3,819,927)
Write-off/impairment expense	2d	(2,312,876)	-
Operating loss		(16,948,984)	(15,788,626)
Finance costs	2e	(190,048)	(369,135)
Finance income		300	7,632
Other income		-	250,873
Loss before income tax from continuing operations		(17,138,732)	(15,899,256)
Income tax benefit / (expense)		-	27,278
Loss for the year from continuing operations		(17,138,732)	(15,871,978)
Loss for the year		(17,138,732)	(15,871,978)
Attributable to:			-
Members of the parent entity		(16,765,757)	(15,869,978)
Non-controlling interest		(372,975)	(2,000)
		(17,138,732)	(15,871,978)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on the translation of foreign operations		1,304,911	131,416
Other comprehensive income (net of tax) for the year		1,304,911	131,416
Total comprehensive loss for the year		(15,833,821)	(15,740,562)
Total comprehensive loss attributable to:			
Members of the parent entity		(15,392,013)	(15,738,244)
Non-controlling interest		(441,809)	(2,318)
		(15,833,821)	(15,740,562)
Earnings per share			
Basic and diluted loss for the year attributable to ordinary equity holders of the parent	10	(0.67)	(0.83)
Earnings per share for continuing operations			
Basic and diluted loss for the year attributable to ordinary equity holders of the parent	10	(0.65)	(0.83)

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 2022

	<i>Note</i>	30-Jun-22 \$	30-Jun-21 (Restated) \$
CURRENT ASSETS			
Cash and cash equivalents		1,787,234	5,512,928
Inventory	3	2,223,639	872,444
Trade and other receivables	4	3,347,400	2,526,382
Prepayments		-	569,615
Total Current Assets		7,358,273	9,481,369
NON-CURRENT ASSETS			
Plant and equipment	6	7,568,630	5,272,202
Intangible assets	5	5,384,031	7,048,880
Financial assets		155,971	564,186
Right-of-use assets		2,133,627	1,869,006
Total Non-Current Assets		15,242,259	14,754,274
TOTAL ASSETS		22,600,532	24,235,643
CURRENT LIABILITIES			
Trade and other payables	8b	3,169,058	1,822,503
Deferred revenue	8a	1,380,941	-
Financial liabilities at fair value through profit or loss	7	2,318,036	4,034,763
Lease liabilities - current		151,124	209,433
Total Current Liabilities		7,019,159	6,066,699
NON-CURRENT LIABILITIES			
Provisions		(11,611)	-
Deferred income	8a	2,393,696	2,569,671
Lease liabilities - non-current		2,143,311	1,773,374
Total Non-Current Liabilities		4,525,396	4,343,045
TOTAL LIABILITIES		11,544,555	10,409,744
NET ASSETS		11,055,977	13,825,899
EQUITY			
Contributed equity	9	97,438,669	84,511,983
Share based payment reserve		7,737,073	7,490,483
Foreign currency translation reserve		1,586,126	212,381
Consolidation reserve		(382,404)	(382,404)
Accumulated losses		(94,763,653)	(77,997,896)
Equity attributable to equity holders of the parent		11,615,811	13,834,547
Non-controlling interest		(559,834)	(8,648)
TOTAL EQUITY		11,055,977	13,825,899

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 2022

	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Consolidation Reserve	Retained Earnings	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 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	-	-	-	-	(15,869,978)	(2,000)	(15,871,978)
Total comprehensive loss for the year	-	-	127,097	-	(15,869,978)	2,319	(15,740,562)
Shares issued during the year (net of costs)	9,412,411	1,101,977	-	-	-	-	10,514,388
Transfer to issued capital	418,000	(418,000)	-	-	-	-	-
Share based payments	453,113	1,425,602	-	-	-	-	1,878,715
Acquisition of business (MedicaNL)	1,000,000	-	-	-	-	-	1,000,000
Acquisition of business (MCC)	6,000,000	-	-	-	-	-	6,000,000
Equity issued to extinguish financial liabilities	1,231,698	-	-	-	-	-	1,231,698
Conversion of convertible notes	4,810,641	-	-	-	-	-	4,810,641
Exercise of options	1,036,663	-	-	-	-	-	1,036,663
Balance at 30 June 2021	84,511,983	7,490,483	212,381	(382,404)	(77,997,896)	(8,648)	13,825,899
Other comprehensive income	-	-	1,373,744	-	-	(68,834)	1,304,911
Loss after income tax expense	-	-	-	-	(16,765,757)	(372,975)	(17,138,732)
Total comprehensive loss for the year	-	-	1,373,744	-	(16,765,757)	(441,809)	(15,833,821)
Shares issued during the year (net of costs)	9,243,118	-	-	-	-	-	9,243,118
Exercise of performance rights	406,050	(406,050)	-	-	-	-	-
Acquisition of Czech/Russia	-	-	-	-	-	(109,377)	(109,377)
Share based payments	59,045	652,640	-	-	-	-	711,685
Equity issued to extinguish financial liabilities	-	-	-	-	-	-	-
Exercise of options	696,272	-	-	-	-	-	696,272
Conversion of convertible note	2,522,202	-	-	-	-	-	2,522,202
Balance at 30 June 2022	97,438,669	7,737,073	1,586,125	(382,404)	(94,763,653)	(559,834)	11,055,976

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 2022

<i>Note</i>	30-Jun-22	30-Jun-21 (Restated)
	\$	\$
<i>Cash flows from operating activities</i>		
Receipts from customers	6,624,968	2,162,812
Payments to suppliers and employees	(14,548,975)	(10,847,944)
Payments for research activities	(2,614,490)	(3,839,592)
Research and development rebate	-	507,248
Interest received	651	7,984
Interest paid	301	(7,398)
Income tax paid	(292,446)	27,278
Net cash used in operating activities	(10,829,991)	(11,989,612)
<i>Cash flows from investing activities</i>		
Subsidiary disposed; net of cash disposed of	-	(79,687)
Acquisition of business; net of cash acquired	-	(293,562)
Cash acquired through assets Acquisition	151,426	-
Government grant received	1,579,121	2,450,747
Loans to third parties	-	(546,995)
Investments in unrelated entities	(155,971)	-
Proceeds from sale of investments	-	302,823
Purchase of plant and equipment / assets under construction	(4,017,862)	(3,327,105)
Net cash used in investing activities	(2,443,286)	(1,493,779)
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares and conversion of options	10,762,496	12,759,697
Proceeds from borrowings	-	5,750,000
Payment of lease liabilities	(263,008)	(255,993)
Transaction costs on issue of shares	(764,061)	(1,202,646)
Net cash provided by financing activities	9,735,427	17,051,058
Net increase / (decrease) in cash and cash equivalents held	(3,537,850)	3,567,667
Cash and cash equivalents at beginning of year	5,433,241	1,873,373
Foreign exchange movement in cash	(126,897)	(7,799)
Cash and cash equivalents at end of year	1,768,494	5,433,241

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 2022

1. REVENUE FROM CONTRACTS WITH CUSTOMERS

	30-Jun-22	30-Jun-21 (Restated)
	\$	\$
Sales revenue		
Pharma sales	4,026,131	2,726,075
Consulting services	599,787	236,822
Non-pharma sales	21,070	33,156
	4,646,988	2,966,053

2. COST OF SALES AND EXPENSES

	30-Jun-22	30-Jun-21 (Restated)
	\$	\$
a) Cost of sales		
Cost of goods sold - Pharma	2,153,385	1,482,535
Cost of sales - Consulting	860,253	285,618
	3,013,638	1,768,153
b) Administrative expenses		
Corporate costs	376,799	511,705
Professional and consultancy fees	726,566	1,521,106
Directors' fees	1,127,436	871,804
Employee benefit expenses (including shares)	4,417,458	3,514,963
Travel expenses	967,161	309,272
Marketing expenses	949,828	583,185
Depreciation	504,297	491,408
Office and administrative expenses	1,393,818	724,894
	10,463,363	8,528,336
c) Other operating expenses		
Unrealised foreign exchange	245,322	(44,386)
Realised foreign exchange	166,461	74,400
Inventory write-off	9,525	128,210
Laboratory operation expenses	2,024,995	3,219,005
Research expense	2,595,006	1,897,779
	5,041,309	5,275,008
d) Impairment expense		
Write off/impairment of intangible assets	1,400,000	-
Impairment of unlisted investment	912,876	-
	2,312,876	-
e) Finance cost		
Finance costs	(190,048)	369,135
	(190,048)	369,135

3. INVENTORY

	30-Jun-22	30-Jun-21
	\$	\$
Inventories	2,033,247	300,834
Raw materials	190,392	571,610
	2,223,639	872,444

4. TRADE AND OTHER RECEIVABLES

	30-Jun-22	30-Jun-21 (Restated)
	\$	\$
Current		
Trade receivables	771,541	890,299
Expected credit loss on trade receivables	-	(49,340)
Other receivables	1,274,700	818,784
GST/VAT receivable	946,011	866,639
Loan to third party	355,147	-
	3,347,400	2,526,382

5. INTANGIBLE ASSETS

	30-Jun-22	30-Jun-21
	\$	\$
Intangible assets (provisional)		
Opening balance at 1 July	7,048,880	-
- Goodwill on acquisition of Medicinal Cannabis Clinics	-	1,400,000
- Goodwill on acquisition of MedicaNL	-	5,648,880
- Written off/impairment	(1,400,000)	-
- Foreign currently translation reserved	(264,849)	-
	5,384,031	7,048,880

6. PLANT AND EQUIPMENT

	30-Jun-22	30-Jun-21
	\$	\$
Plant and equipment		
- at cost	2,182,364	1,938,890
- accumulated depreciation	(1,451,017)	(1,105,797)
	731,347	833,093
Capital Work in Progress		
- at cost	6,837,283	4,439,109
Total property, plant and equipment	7,568,630	5,272,202

7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30-Jun-22	30-Jun-21
	\$	\$
Financial liabilities at fair value through profit or loss		
<i>Convertible notes</i>		
Opening balance – at 1 July	4,034,763	-
Issue of convertible notes	-	5,750,000
Converted to ordinary shares	(2,552,202)	(4,810,641)
Loss on remeasurement of financial liability	4,870,238	3,095,404
Closing balance – fair value at 30 June	2,318,036	4,034,763

8. PAYABLES AND DEFERRED REVENUE/INCOME

	30-Jun-22	30-Jun-21
	\$	\$
a) Deferred Revenue/Income		
Current		
Deferred revenue	1,380,941	-
Closing balance	1,380,941	-

Non-Current

 Deferred income - Malta grant¹
Closing balance

30-Jun-22	30-Jun-21 (Restated)
\$	\$
2,393,696	2,506,281
2,393,696	2,506,281

1. 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

Accruals

Other payables

Closing balance

30-Jun-22	30-Jun-21 (Restated)
\$	\$
2,502,846	1,195,874
451,766	403,809
214,447	222,820
3,169,058	1,822,503

9. 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-22 NUMBER	30-Jun-21 NUMBER	30-Jun-22 \$	30-Jun-21 \$
Ordinary shares on issue, fully paid	2,566,210,688	2,319,502,595	97,438,669	80,311,983
Unissued shares	-	-	-	4,200,000
	2,566,210,688	2,319,502,595	97,438,669	84,511,983

10. 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-22	30-Jun-21
Earnings per share		
Basic loss per share (cents)	(0.67)	(0.83)
Diluted loss per share (cents)	(0.67)	(0.83)
Earnings per share from continuing operations		
Basic loss per share (cents)	(0.65)	(0.81)
Diluted loss per share (cents)	(0.65)	(0.81)
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	\$	\$
From continuing operations	(15,833,821)	(15,740,562)
From discontinued operations		
	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	2,566,210,688	1,906,114,879

11. EVENTS SUBSEQUENT TO REPORTING DATE

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

- Acquisition of 40% of a shareholding in ZAM software Ltd, a UK incorporated entity and the owner a proprietary Artificial Intelligence data gathering software algorithm, with real-time data collection applications for use across the pharmaceutical and health care sectors. MGC Pharma issued \$1.2m (£700,000) in MGC Pharma shares as consideration for the 40% ZAM shareholding
- With the Company's production hub centred in the EU, and a key plank of its business strategy to centre the Company in the UK following its listing on the London Stock Exchange in February 2021, MGC Pharma's accounting and finance function was relocated from Australia to the United Kingdom during the year. As part of this restructure, the Company appointed an experienced UK based CFO, Angel-Marie Graham, a fellow of the ACCA and holding a MSc in Professional Accountancy from the University of London.
- On 19 July 2022 the Company announced the appointment of Mr Rob Clements as its Chief Commercial Officer, a newly created position brings together oversight and leadership the Company's Business Development, Marketing and Sales functions. Mr Clements brings with him over 30 years of international experience in the pharmaceuticals sector, having previously held several senior roles in business development, commercial and marketing. Most recently, Mr Clements was Vice President Business Development of the international rare medicines division of Sciensus Rare, an international pharmaceutical services company based in the Netherlands, specialising in the provision of rare disease medicines. An expert in market development for rare and chronic diseases, Mr Clements' appointment will help drive forward the Company's strategy and goal of becoming a leading supplier of plant derived medicines.
- On 29 July 2022 the company announced a new convertible securities financing agreement with Mercer Street Global Opportunity Fund, LLC, a fund managed by Mercer Street Capital Partners, LLC, a United States-based institutional fund manager and MGC Pharma's largest shareholder, to provide the Company with a substantial funding facility of up to a total of \$14.6m (US\$10m), with an initial tranche of \$1.68 (US\$1.2m) issued in September 2022
- On 25 August 2022 the company announced that it had drawn down a new financing tranche of \$1m (US\$750m) under the above loan facility.