MGC PHARMACEUTICALS LTD
AND CONTROLLED ENTITIES
ABN 30 116 800 269

APPENDIX 4D

REPORTING PERIOD	**PREVIOUS REPORTING PERIOD**
Interim financial period to 31 December 2023	Interim financial period to 31 December 2022

Half year information given to ASX under listing rule 4.2A.3
This information contained in this report should be read in conjunction with the most recent annual report.

	31-Dec-23	30-Jun-23
NET TANGIBLE ASSETS PER ORDINARY SHARE (cents)	1.84[1]	(0.10)

[1] Material increase in net tangible assets per ordinary share attributable to the 1,000:1 consolidation carried out on 2 November 2023.

RESULTS FOR ANNOUNCEMENT TO MARKET

	31-Dec-23 $	Change %	31-Dec-22 $
Revenue from ordinary activities	599,534	77% decline	2,662,644
Loss after income tax from ordinary activities attributable to members	(7,076,380)	35 % improvement	(10,882,134)
Net loss for the period attributable to members	(7,076,380)	35 % improvement	(10,882,134)
Dividend per share	n/a		n/a
Record date for determining entitlement to dividends	n/a		n/a
No dividends have been paid or declared during the year			

DETAILS OF SUBSIDIARIES

During the period, there were no newly incorporated nor newly acquired entities. As of 5 October 2023 Panax is no longer part of the group. Shares of Panax were transferred to the local partner. There were no other changes relating to subsidiary holdings form the prior year end 30 June 2023.

DIVIDENDS	n/a	n/a
DIVIDENDS REINVESTMENT PLAN	n/a	n/a
ASSOCIATED AND JOINT VENTURE ENTITIES	n/a	n/a

FOREIGN ENTITIES ACCOUNTING STANDARD

Subsidiaries are incorporated in the United Kingdom, Slovenia, Czech Republic and Malta, where International Financial Reporting Standards are applied.

AUDIT DISPUTE OR QUALIFICATION

Not subject to a modified opinion, however an emphasis of matter paragraph has been included in the independent auditor's review report in relation to the Group's going concern assessment (refer to note 2 of the interim financial report).

ABN 30 116 800 269
MGC PHARMACEUTICALS LTD

INTERIM FINANCIAL REPORT

31 DECEMBER 2023

Contents

Corporate Directory

Directors

Roby Zomer	Managing Director and CEO
Layton Mills	Non-Executive Director
Daniel Robinson	Non-Executive Director – Appointed 1 December 2023
Ross Walker	Non-Executive Director – Resigned 1 December 2023
Stephen Parker	Non-Executive Director – Resigned 1 December 2023

Company Secretary

Rowan Harland

Registered Office and Principal Place of Business

Suite 1, 295 Rokeby Road
Subiaco WA 6008
Tel: +61 8 6555 2950

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Auditors

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Securities Exchange Listing

MGC Pharmaceuticals Ltd securities are listed on the Australian Securities Exchange (ASX) and the London Stock Exchange (LSE).
ASX Code: MXC
LSE Code: MXC

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

Website

www.mgcpharma.co.uk

Directors' Report

The directors submit the consolidated interim financial report for MGC Pharmaceuticals and its controlled entities (the "Group" or "MGC Pharma") for the half-year ended 31 December 2023.

Directors

The names of directors who held office during or since the end of the half-year, all still currently hold office:

Director	Title	Appointment Date
Roby Zomer	Managing Director & CEO	15 February 2016
Layton Mills	Non-Executive Director	1 June 2023
Daniel Robinson	Non-Executive Director	1 December 2023

Operating Results

The consolidated operating losses for the Group after providing for income tax from continuing operations amounted to A$7.1 m (31 Dec 2022: A$11.07m), 36 % improvement compared to previous year.

Dividends Paid or Recommended

No dividends have been paid or declared for payment during the financial period.

Review of Operations

Half Year Highlights:

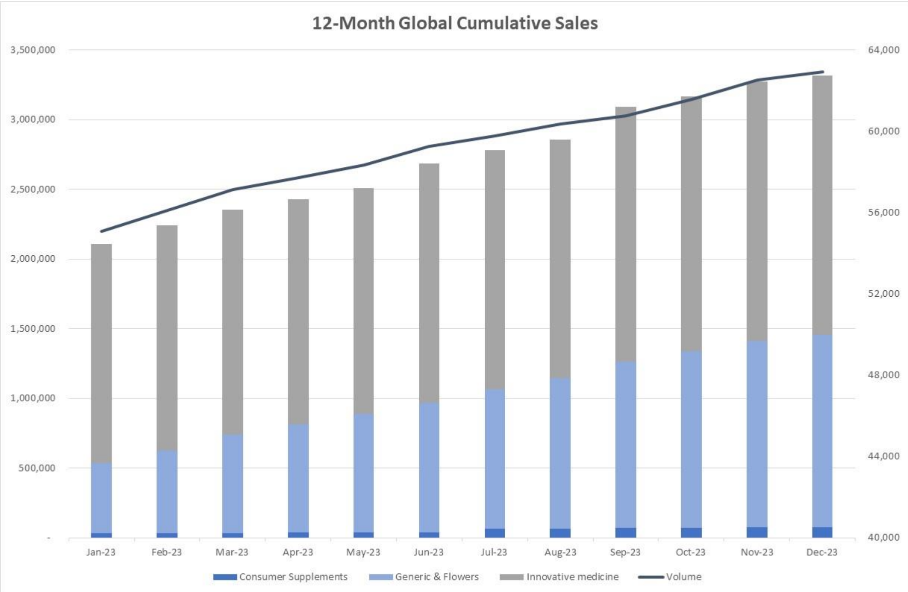
- MGC completed a comprehensive corporate restructuring, completing a 1,000:1 consolidation and conditionally raising a total of US$7.9 million and US$0.5 million, totalling US$8.4 million
- MGC received an order for US$1m from AMC Pharma ("AMC") to produce ArtemiC™ (the Over the Counter ("OTC") version of CimetrA®). This order comes alongside AMC's new supply agreement to distribute to over 100 Holistic and Wellness Chiropractic offices in California, and Florida, which will be completed in the second half of the year.
- Positive results from Pre-clinical Chronic Toxicology Evaluation of 14 days oral dose of CimetrA®
- New regulation in Australia was passed making it the first country to allow psychiatrists to prescribe psilocybin psychedelics to treat depression or post-traumatic stress disorder (PTSD)
- MGC was granted its first permit to import 200g of Psilocybin Raw Mushroom material to its Slovenian research facility
- MGC was granted FDA approval in Saudi Arabia for its proprietary product ArtemiC™
- CMC Markets UK PLC (CMC) were appointed as the Company's joint UK broker with immediate effect on 1 December 2023

Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented:

"In the 6 month period to 31 December our Company experienced growth across all fronts, which we're delighted to share. MGC secured a substantial order worth US$1 million from AMC Pharma for the production of ArtemiC™. This order coincides with AMC's recent supply agreement to distribute ArtemiC™ to over 100 Holistic and Wellness Chiropractic offices across California and Florida. Additionally, our Company obtained an import permit for our Slovenian research facility allowing the importation of psilocybin. A comprehensive corporate restructuring, including a 1,000:1 consolidation, was successfully completed by MGC. Furthermore, we are thrilled to announce that the Company has received FDA approval in Saudi Arabia for our proprietary product, ArtemiC™."

Sales

MGC received an order for US$1m from AMC Pharma to produce ArtemiC™ (the Over the Counter ("OTC") version of CimetrA®). This order came alongside AMC's own separate supply agreement to distribute to over 100 Holistic and Wellness Chiropractic offices in California, and Florida. This represents the start of a substantial ramp up of sales for ArtemiC™ with increasing distribution across the US. To date, the Company has received total orders of over 100,000 units of ArtemiC™ By AMC.



Positive Pre-clinical Trial Results for CimetrA®

On 14 August 2023 MGC announced positive pre-clinical trial results from the completed Pre-clinical Chronic Toxicology Evaluation of 14 days oral dose of CimetrA®.

The study was undertaken on 32 domestic swine, that received a study treatment (three dosages groups of CimetrA® and Placebo) for 14 days. During this period, the clinical parameters were recorded, blood (hematology, coagulation and chemistry) and urine tests were collected and sent to the histopathological evaluation.

The study demonstrated that following the full chronic safety and toxicology analysis of CimetrA® in large animals - the drug was found to be safe. The histopathological analysis of the full organs' spectrum demonstrated all tissues of all animals were normal and unaffected. It was concluded that the test article at the dosage administered did not induce toxicological changes. No changes in the blood and urine samples were reported.

The study was performed under animal EC approval in the GLP certified Lab Science in Action, Ness Ziona, Israel, and is an important step in the Investigational New Drug ("IND") submission preparation for the US Food and Drug Administration ("FDA").

MGC Welcomes Australia's Reclassification of Psychedelic Compounds

MGC welcomed new regulation in Australia to prescribe psychedelics to patients with depression or post-traumatic stress disorder (PTSD). Effective from 1st July 2023, MDMA and Psilocybin were reclassified as medicines for some complex mental health conditions. Authorities in Australia placed the two drugs on the list of approved medicines by the Therapeutic Goods Administration, allowing patients suffering from depression and PTSD to access them under the care of authorised Australian physicians.

Following the latest regulatory advancements, MGC is able to position itself as a key player in pioneering psychedelic research and development and as a result, the Company can now offer accurate, pharmaceuticalgrade products. MGC will look to expand sales in Australia through the Company's existing channels to provide Psilocybin to those in need of treatment.

MGC Pharma Received Permission to Import Psilocybin

During the period, the Company announced it had been granted its first import permit of Psilocybin Raw Mushroom material to its Slovenian research facility from Psyence Group Inc's (**Psyence**) Southern Africa production site as part of the raw material transfer agreement (**transfer agreement**) signed between the two companies.

Under the transfer agreement, MGC Pharma were to perform an analysis on the materials with a view to assist Psyence in the development of new psilocybin products to take to market, through its GMP-certified research facility in Slovenia that was recently approved for psilocybin compounding.

ArtemiC™ Receives FDA Approval in Saudi Arabia

On 19 December 2023 MGC announced it had been granted approval for its proprietary product ArtemiC™ by the Food and Drug Authority in the Kingdom of Saudi Arabia (Saudi FDA).

Following the success of Phase II clinical trials[1] and European studies on its effectiveness in assisting with the recovery of patients from Covid and long-term Covid[2], ArtemiC™ was approved by the Saudi FDA as an over-the-counter (OTC) dietary supplement. Capital Blossom, through its joint venture collaboration with its Saudi partner worked on obtaining the approval of the Saudi FDA for the Company. The Company is hopeful this will transition into commercial orders for MGC as we work closely with Capital Blossom Ltd who are specialists in this territory.

Funding

During the period, the Company conditionally raised £0.65 million (A$1.24 million) (before expenses) by way of a placing and subscription of 541,666,667 new ordinary shares of no-par value (Ordinary Shares) in the capital of the Company (Fundraising Shares) at a price of 0.12 pence (0.23 cents) per Fundraising Share ("Issue Price"). The Company also agreed to issue one free attaching option exercisable at 0.12 pence (0.23 cents) with an expiry date of 14 July 2026 for every one Fundraising Share subscribed for under the Placement and Subscription.

Additionally, the Company launched a Share Purchase Plan to its Australian shareholders. The Company received applications from eligible shareholders totalling A$834,000 to subscribe for 362,608,570 shares in the Company at 0.23 cents (pre-consolidation) per share as well as a one for two attaching option exercisable at 0.3 cents (pre-consolidation) on or before 31 July 2026.

Toward the end of the period, the Company executed a comprehensive US$7.9 million (~A$12.4 million) rise by way of a placing through the subscription of 31,000,000 new ordinary shares of no-par value (Ordinary Shares) in the capital of the Company at a price of US$0.255 (~A$0.40) per share. The Company also agreed to issue one free attaching option exercisable at US$0.32 (~A$0.50) with an expiry date of 14 July 2026 for every two shares subscribed for under the Placement.

Ending the period, the Company conducted a second, strategic placement of US$500,000 via the issue of 1,480,000 fully paid ordinary shares (Shares) at an issue price of AU$0.50 per share. The placement included a one for two attaching option exercisable at AU$1.00 each, with an expiry of 10 January 2027. This placement was completed in January 2024.

Capital Restructuring

During the period, the Company completed a comprehensive corporate restructuring. The restructuring involved a 1,000:1 capital consolidation and a US$7.9 million fundraising, allowing the Company to proceed with the

[1] Refer to ASX announcement dated 15 December 2020.
[2] Refer to ASX announcement dated 14 July 2022.

execution of its pharmaceutical workplan for 2024. The restructuring has positioned the Company to expand its global footprint and unlock new avenues for future growth and collaboration.

Personnel changes

On 1 December 2023 Dr Stephen Parker and Dr Ross Walker resigned as Directors of the Company. Mr Daniel Robinson, with over 20 years' experience in a broad range of corporate roles across stockbroking, corporate advisory, investor relations and governance, was appointed in their place. The Company thanked Dr Parker and Dr Walker for all their contributions to the Company over their many years of service and wished them the very best for the next stage of their careers.

Change in Advisers

CMC Markets UK PLC (**CMC**) were appointed as the Company's joint UK broker with immediate effect on 1 December 2023. CMC is headquartered in London, with hubs in Sydney and Singapore.

Annual General Meeting

In November 2023, MGC held its Annual General Meeting. On 30 November 2023 the Company announced the voting results from the Annual General Meeting of shareholders. The Company announced that all motions put to the meeting were voted by poll, with all resolutions carried.

Events Subsequent to Reporting Date

Refer to note 15 of the consolidated interim financial report for details of events that occurring after the reporting period.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on the following page for the half-year ended 31 December 2023.

This report is signed in accordance with a resolution of the Board of Directors.

R. Zomer

Roby Zomer
Managing Director & CEO
Dated 29 February 2024

HALL CHADWICK
Chartered Accountants & Business Advisors

MGC PHARMACEUTICALS LTD
ABN 30 116 800 269
AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MGC PHARMACEUTICALS LTD

In accordance with Section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of MGC Pharmaceuticals Ltd. As the lead audit partner for the review of the financial report of MGC Pharmaceuticals Ltd for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
ii. any applicable code of professional conduct in relation to the review.

Hall Chadwick (NSW)

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

STEWART THOMPSON
Partner
Dated: 29 February 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2023

		31-Dec-23	31-Dec-22
		A$	A$
Revenue from contracts with customers	*3*	599,534	2,662,644
Cost of sales		(527,222)	(1,429,256)
Gross profit		**72,312**	**1,233,388**
Other operating income		343,759	371,319
Administrative expenses	*13*	(6,601,953)	(7,555,474)
Other operating expenses		(794,783)	(1,971,744)
Fair value movement on financial instruments		-	(117,454)
Reversal of (impairment expense)	*5,6*	1,338,087	(3,145,724)
Operating loss		**(5,642,578)**	**(11,185,689)**
Finance costs		(466,659)	(104,381)
Finance income		316	(9,068)
Other expenses		(1,073,588)	-
Other income		88,458	227,728
Loss before income tax		**(7,094,051)**	**(11,071,410)**
Income tax expense		-	(1,951)
Loss for the half-year		**(7,094,051)**	**(11,073,361)**
Attributable to:			
Members of the parent entity		(7,076,380)	(10,882,134)
Non-controlling interest		(17,671)	(191,227)
		(7,094,051)	**(11,073,361)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on the translation of foreign operations		121,007	319,271
Other comprehensive income (net of tax)		**121,007**	**319,271**
Total comprehensive loss		**(6,973,044)**	**(10,754,090)**
Total comprehensive loss attributable to:			
Members of the parent entity		(6,899,167)	(10,758,487)
Non-controlling interest		(73,877)	4,397
		(6,973,044)	**(10,754,090)**
Earnings per share			
Basic loss for the half-year attributable to ordinary equity holders of the parent		(30.64)	(0.42)
Diluted loss for the half-year attributable to ordinary equity holders of the parent		(30.64)	(0.42)

The accompanying notes form part of these consolidated interim financial statements.

Consolidated Statement of Financial Position
As at 31 December 2023

	Note	31-Dec-23 A$	30-Jun-23 A$
CURRENT ASSETS			
Cash and cash equivalents		6,482,268	239,821
Inventory		1,228,414	1,362,502
Trade and other receivables		531,309	531,314
Prepayments		1,127,962	396,926
Total Current Assets		**9,369,953**	**2,530,563**
NON-CURRENT ASSETS			
Plant and equipment	*4*	6,185,243	6,864,412
Investments accounted for using the equity method	*6*	1,306,956	-
Right-of-use assets	*11*	471,559	588,677
Total Non-Current Assets		**7,963,758**	**7,453,089**
TOTAL ASSETS		**17,333,711**	**9,983,652**
CURRENT LIABILITIES			
Trade and other payables		2,472,836	3,303,826
Deferred revenue	*8*	602,763	658,133
Financial liabilities at fair value through profit or loss	*7*	9,179,515	9,179,515
Lease liabilities	*11*	154,145	190,570
Total Current Liabilities		**12,409,259**	**13,332,044**
NON-CURRENT LIABILITIES			
Provision		20,678	21,009
Deferred income	*8*	3,918,583	4,277,865
Lease liabilities	*11*	313,445	384,569
Total Non-Current Liabilities		**4,252,706**	**4,683,443**
TOTAL LIABILITIES		**16,661,965**	**18,015,487**
NET ASSETS		**671,746**	**(8,031,835)**
EQUITY			
Contributed equity	*9*	118,848,181	103,690,800
Share based payment reserve		8,260,348	8,142,037
Foreign currency translation reserve		492,620	315,406
Consolidation reserve		-	(382,404)
Accumulated losses		(126,245,299)	(119,168,919)
Equity attributable to equity holders of the parent		**1,355,850**	**(7,403,080)**
Non-controlling interest		(684,104)	(628,755)
TOTAL EQUITY		**671,746**	**(8,031,835)**

The accompanying notes form part of these consolidated interim financial statements.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2023	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Consolidation Reserve	Accumulated losses	Non-controlling interest	Total
	A$	A$	A$	A$	A$	A$	A$
Balance at 1 July 2022	**97,251,478**	**7,924,264**	**(610,591)**	**(382,404)**	**(98,345,335)**	**(657,629)**	**5,179,783**
Other comprehensive income	-	-	123,647	-	-	195,624	319,271
Loss after income tax expense	-	-	-	-	(10,882,134)	(191,227)	(11,073,361)
Total comprehensive loss for the period	**-**	**-**	**123,647**	**-**	**(10,882,134)**	**4,397**	**(10,754,090)**
Shares issued during the period (net of share issue costs)	-	-	-	-	-	-	-
Exercise of options	2,000	-	-	-	-	-	2,000
Acquisition of ZAM Software Ltd	1,316,838	-	-	-	-	-	1,316,838
Share based payments	1,280,231	87,580	-	-	-	-	1,367,811
Balance at 31 December 2022	**99,850,547**	**8,011,844**	**(486,944)**	**(382,404)**	**(109,227,469)**	**(653,232)**	**(2,887,658)**
Balance at 1 July 2023	**103,690,800**	**8,142,037**	**315,406**	**(382,404)**	**(119,168,919)**	**(628,755)**	**(8,031,835)**
Other comprehensive income	-	-	177,214	-	-	(56,207)	121,007
Loss after income tax expense	-	-	-	-	(7,076,380)	(17,671)	(7,094,051)
Total comprehensive loss for the period	**-**	**-**	**177,214**	**-**	**(7,076,380)**	**(73,877)**	**(6,973,044)**
Shares issued during the period (net of share issue costs)	15,157,381	-	-	-	-	-	15,157,381
Derecognition of Panax Pharma s.r.o.	-	-	-	382,404	-	18,528	400,932
Share based payments	-	118,311	-	-	-	-	118,311
Balance at 31 December 2023	**118,848,181**	**8,260,348**	**492,620**	**-**	**(126,245,299)**	**(684,104)**	**671,746**

The accompanying notes form part of these consolidated interim financial statements.

Consolidated Statement of Cash Flows
For the half year ended 31 December 2023

	31-Dec-23 A$	31-Dec-22 A$
Cash flows from operating activities		
Receipts from customers	903,571	2,702,448
Payments to suppliers and employees	(7,955,966)	(8,529,203)
Payments for research expenses	(829,611)	(1,235,460)
Research and development rebate	-	371,215
Tax paid	-	(1,951)
Interest received	(316)	43,591
Interest paid	(23,350)	(104,381)
Net cash used in operating activities	**(7,905,672)**	**(6,753,741)**
Cash flows from investing activities		
Government grant received	-	769,791
Purchase of plant and equipment / assets under construction	(16,852)	(235,943)
Net cash used in investing activities	**(16,852)**	**533,848**
Cash flows from financing activities		
Proceeds from issue of shares	14,875,306	-
Proceeds from issue of convertible notes	-	5,366,012
Payment of lease liabilities	(120,896)	(119,363)
Partial repayment of loan by third party	-	209,197
Payment of capital raising costs	(594,694)	-
Net cash provided by financing activities	**14,159,716**	**5,455,846**
Net (decrease)/increase in cash and cash equivalents held	**6,237,192**	**(764,047)**
Cash and cash equivalents at beginning of period	239,821	1,886,347
Foreign exchange movement of cash	5,255	11,388
Cash and cash equivalents at end of period	**6,482,268**	**1,133,688**

The accompanying notes form part of these consolidated interim financial statements.

Notes to the Consolidated Interim Financial Statements

NOTE 1. CORPORATE INFORMATION

The consolidated interim financial report of MGC Pharmaceuticals Ltd ('MGC Pharma' or the 'Company') and its controlled entities (the "Group") for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors dated 29 February 2024.

MGC Pharmaceuticals Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (primary market) and the London Stock Exchange (secondary market).

NOTE 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Statement of Compliance

The consolidated interim financial report is a condensed general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Basis of Preparation

The consolidated interim financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial assets and liabilities. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the consolidated interim financial report for the half-year ended 31 December 2023 are consistent with those adopted and disclosed in the Group's 2023 annual financial report for the financial year ended 30 June 2023.

Going Concern

At 31 December 2023, the Group had a cash and cash equivalents balance of A$6,482,268 and had a net working capital surplus of A$6,140,209. This does not include the convertible notes with a face value of A$9,179,515 which are currently under negotiation for change of conversion terms in order to improve the Group's working capital. The Group incurred a loss for the half year ended 31 December 2023 of A$7,094,051 and had net cash outflows from operating and investing activities of A$7,922,524.

The Group's cashflow forecasts for the 12 months from the date of this report indicate that the Group will require additional capital to meet its expenditure requirements and carry out its planned activities. Due to the ongoing capital raising activity and the continued support from the existing convertible note holder, the Directors are confident that additional capital can be raised as needed to meet current commitments and support further planned activities.

Based on the matters detailed above, the Directors are satisfied that the going concern basis of preparation is appropriate and that the Group will be able to realise its assets and settle its obligations in the ordinary course of business over the next 12 months.

The consolidated interim financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. In the event that the Group is unable to obtain additional funding, there is significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern. The consolidated interim financial report does not include any adjustments relating to the recoverability and classification of the recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Notes to the Consolidated Interim Financial Statements

Comparative Figures

When required by Accounting Standards, comparative figure have been adjusted to conform changes in presentation for the current financial period.

a) New and amended Accounting Standards and Interpretations adopted by the Group

The Group has adopted all new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective from 1 July 2023.

The adoption of these new and amended Accounting Standards and Interpretations did not result in any significant changes to the Group's accounting policies.

The Group has not early adopted any new or amended Accounting Standards or Interpretations issued but not yet effective.

b) Significant Accounting Judgments, Estimates and Assumptions

In preparing these consolidated interim financial statements, significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2023.

NOTE 3. REVENUE

	31-Dec-23 A$	31-Dec-22 A$
Revenue from contracts with customers		
Pharma sales	541,164	2,125,635
Consulting services *(clinical research fees and clinic consults)*	-	7,144
Non-pharma sales	58,370	529,865
	599,534	**2,662,644**

NOTE 4. PLANT AND EQUIPMENT

	31-Dec-23 A$	30-Jun-23 A$
Plant and equipment		
- gross carrying amount at cost	2,569,939	2,664,866
- accumulated depreciation	(1,904,986)	(1,824,984)
	664,953	**839,882**
Malta manufacturing facility		
- gross carrying amount at cost	7,262,180	7,378,613
- accumulated depreciation	(1,741,890)	(1,354,083)
	5,520,290	**6,024,530**
Total plant and equipment	**6,185,243**	**6,864,412**

Plant and equipment movement		
Opening balance at 1 July	6,864,412	6,664,798
Additions	16,852	189,871
Depreciation	(544,768)	(539,498)
Foreign exchange	(151,253)	549,241
	6,185,243	**6,864,412**

Notes to the Consolidated Interim Financial Statements

NOTE 5. IMPAIRMENT EXPENSES

Impairment MediCaNL Israel 2019 Ltd (MediCaNL)

On 21 April 2021, MGC Pharma completed the 100% acquisition of MediCaNL Israel 2019 Ltd (MediCaNL), an Israeli company operating and providing specialist services to the pharmaceutical sector for development of new medicines. Performance since the acquisition has been lower than expected and the Group's impairment testing determined that the recoverable amount of the CGU was nil and recorded an impairment expense of $3,145,724 in the prior period.

NOTE 6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

On 5th August 2022 the Company acquired 40% of the issued capital of ZAM Software Ltd, a private entity that owns a real-time data collection software with proprietary Artificial Intelligence (AI) algorithms.

The Company had recorded a full provision of impairment to the carrying value of ZAM Software Ltd due to the investment had contributed nil results to the Group's financial performance and uncertainty in providing funding to the project in prior period.

In the current period, the Company:

- had undertaken an independent valuation of ZAM Software Ltd using combination of market and income approach to determine the fair value less cost of disposal of the investment has exceeded its carrying value.
- had successfully completed capital raising to execute the necessary workplan as required for the investment.

The Company therefore concluded the impairment indicator is no longer present for ZAM Software Ltd and restate the previous carrying value of investment. This resulted a reversal of impairment amounting A$1,338,087 being recognised in the profit or loss for the half-year ended 31 December 2023.

NOTE 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Convertible notes

Australian dollar denominated facility

In September 2020, the Company entered into a convertible note financing facility with Mercer Street Global Opportunity Fund (Mercer), under which up to A$15,000,000 can be drawn down in exchange for the issue of a number of convertible notes with a face value of A$1.00 each equal to 110% of the amount of funding received. The facility expired on 8 March 2022 and can no longer be drawn on. The notes drawn under this facility were repayable at face value 12 months from the date of the respective draw down, if not converted or repurchased prior to maturity.

On 1 February 2023, the Company executed an agreement to extend the maturity date of the A$2,100,000 convertible notes on issue, which has extended the maturity date of these convertible notes to 1 February 2024 (**2020 Extension Agreement**).

The notes are convertible at the discretion of Mercer at any time prior to maturity, with a conversion price as follows:

- The conversion price will be the lower of A$0.035 or 92% of the lowest daily VWAP of the Company's shares selected by Mercer over the 10 trading days on which the Company's shares are traded on the ASX immediately prior to the issue of the conversion notice, subject to the conversion price being no less than A$0.018.

Notes to the Consolidated Interim Financial Statements

NOTE 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 2 November 2023, the Company completed a capital consolidation on a 1000:1 basis, resulting in the conversion terms of the AUD denominated facility to be impacted as follows:

- The conversion price will be the lower of A$35.00 or 92% of the lowest daily VWAP of the Company's shares selected by Mercer over the 10 trading days on which the Company's shares are traded on the ASX immediately prior to the issue of the conversion notice, subject to the conversion price being no less than A$18.00.

US dollar denominated facility

In July 2021, the Company entered into a convertible note financing facility with Mercer Street Global Opportunity Fund (Mercer), under which up to US$10,000,000 can be drawn down in exchange for the issue of a number of convertible notes with a face value of US$1.00 each equal to 110% of the amount of funding received. The facility expires on 18 January 2024. The notes are repayable at face value 18 months from the date of the respective draw down, if not converted or repurchased prior to maturity (**US$ Con Note Facility**).

Between 19 July 2022 and 7 March 2023, the Company drew down US$4,733,120 (A$7,581,350) in funding from the US$ Con Note Facility, issuing Mercer 4,733,120 US$1.00 convertible notes.

The notes are US$ convertible notes are convertible at the discretion of Mercer at any time prior to maturity, with a conversion price as follows:

- The conversion price will be the lower of A$0.020 or 92% of the lowest daily VWAP of the Company's shares selected by Mercer over the 10 trading days on which the Company's shares are traded on the ASX immediately prior to the issue of the conversion notice, subject to the conversion price being no less than A$14.

On 1 February 2023, the Company executed an agreement with Mercer to vary the US$ Con Note Facility so the convertible notes issued after 23 December 2022 would have a minimum conversion price of A$0.010, and to seek shareholder approval, before 31 March 2023, to reduce the minimum conversion price of the 3,410,000 US$1.00 convertible notes issued before 23 December 2022, reduced from A$0.014 to A$0.010 (**2022 Variation Agreement**).

On 2 November 2023, the Company completed a capital consolidation on a 1000:1 basis, resulting in the conversion terms of the USD denominated facility to be impacted as follows:

- The conversion price will be the lower of A$20.00 or 90% of the lowest daily VWAP of the Company's shares selected by Mercer over the 10 trading days on which the Company's shares are traded on the ASX immediately prior to the issue of the conversion notice, subject to the conversion price being no less than A$14.00.

At the date of this report, the company has ceased drawdown of both facilities and is currently working with Mercer to vary certain conversion terms of the notes issued.

Notes to the Consolidated Interim Financial Statements

NOTE 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The convertible notes are determined to be hybrid financial instruments and have been designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss	31-Dec-23 A$	30-Jun-23 A$
Opening balance	9,179,515	2,100,000
Issue of convertible notes	-	6,948,106
Loss on remeasurement of financial liability	-	131,409
Closing balance – fair value	**9,179,515**	9,179,515

The fair value (Level 3) of the hybrid instruments was determined using valuation techniques including use of a Black-Scholes option pricing model, with estimates of projected conversion prices and the following significant inputs to the valuation at 31 December 2023. No fair value adjustment during the period was required.

	Australian dollar facility	US dollar facility
Valuation date	31 December 2023	31 December 2023
Share price	$0.475	$0.475
Exercise price	$10.0	$10.0
Expired date	Feb 2024	Feb – Jun 2024
Expected future volatility	250%	250%
Risk free rate	3%	3%
Dividend yield	Nil	Nil

NOTE 8. DEFERRED INCOME AND REVENUE

	31-Dec-23 A$	30-Jun-23 A$
Current		
Deferred income - Malta grant	(602,763)	(658,133)
Closing balance	**(602,763)**	**(658,133)**
Non-Current		
Deferred income - Malta grant	(3,918,584)	(4,277,865)
Closing balance	**(3,918,584)**	**(4,277,865)**

Notes to the Consolidated Interim Financial Statements

NOTE 9. CONTRIBUTED EQUITY

	31-Dec-23 NUMBER	30-Jun-23 NUMBER	31-Dec-23 A$	30-Jun-23 A$
Ordinary Shares on issue, fully paid	**36,491,631**	3,350,692,950	**118,848,181**	103,690,800
	36,491,631	3,350,692,950	**118,848,181**	103,690,800

Reconciliation of movement in share capital

	No. of Shares	Issue Price	Amount
Opening balance of 1 July 2023	**3,350,692,950**		**103,690,800**
Shares issued per placement – 14 July 2023	541,666,667	0.0023	1,245,833
Shares issued per share purchase plan applications – 1 September 2023	362,608,570	0.0023	833,999
Shares issued per share purchase plan shortfall offer to employees and consultants – 6 September 2023	173,000,000	0.0023	346,000
Total shares on issue before consolidation	4,427,968,187		
Consolidation of capital 1000:1 basis – 2 November 2023 [1]	(4,423,537,696)		
Share issued per placement – 7 November 2023	31,000,000	0.400	12,400,000
Issue of shares in lieu of cash – 30 November 2023	484,771	0.690	334,492
Issue of shares to Mercer – 30 November 2023	576,369	0.694	400,000
Less: Costs of issue			(402,943)
Closing balance at 31 December 2023	**36,491,631**		**118,848,181**

[1] Consolidation reduction balance also includes effect of fractional entitlement issues resulting from the consolidation

NOTE 10. SHARE BASED PAYMENTS

There were no performance rights and options granted during the period. A summary of those on issue as at 31 December 2023 are summarised below.

Reconciliation of Performance Rights

Opening Balance	1000:1 Consolidation	Granted as compensation	Exercised	Lapsed	Outstanding at 31 December 2023
18,400,000	(18,381,600)	-	-	-	18,400

Reconciliation of Options

Opening Balance	1000:1 Consolidation	Issued during the period [1]	Exercised	Lapsed	Outstanding at 31 December 2023
276,335,793	(276,059,451)	16,421,967	-	(51,300)	16,647,009

[1] Figures taking into account the 1000:1 consolidation for all options granted pre-consolidation

Notes to the Consolidated Interim Financial Statements

NOTE 11. LEASES

At the reporting date the Group has one long-term lease for ArtemiC production facility located in Malta. The Group also has leases for office and lab rental.

Below are the carrying amounts of right-of-use assets recognised for the period:

Right-of-use assets	**31-Dec-23 A$**	**30-Jun-23 A$**
Opening balance	588,676	1,869,006
Additions		217,527
Depreciation	(109,966)	(212,439)
Decrease on early termination of lease		(1,628,799)
Foreign exchange	(7,151)	78,702
Closing balance	**471,559**	**588,676**

Below are the carrying amounts of lease liabilities for the period:

Lease liabilities	**31-Dec-23 A$**	**30-Jun-23 A$**
Opening balance	575,139	2,252,608
Additions	-	217,527
Interest	20,476	173,014
Lease payments	(120,896)	(373,969)
Decrease on early termination of lease	-	(1,790,155)
Foreign exchange	(7,129)	96,114
Closing balance	**467,590**	**575,139**
Current	154,145	190,570
Non-current	313,445	384,569
Total lease liability	**467,590**	**575,139**

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

There have been no significant changes to commitments and contingent liabilities as at 31 December 2023.

NOTE 13. ADMINISTRATIVE EXPENSES

Administrative expenses	**31-Dec-23 A$**	**31-Dec-22 A$**
Expenses	6,137,642	6,617,894
Share based payments	118,311	87,580
Shares issued to employees and consultants for services rendered	346,000	850,000
Total for period	**6,601,953**	**7,555,474**

Notes to the Consolidated Interim Financial Statements

NOTE 14. RELATED PARTY TRANSACTIONS

There have been no material changes to related parties since 30 June 2023.

NOTE 15. EVENTS SUBSEQUENT TO REPORTING DATE

On 10 January 2024, the company completed US$500,000 placement with the issue of 1,480,000 fully paid ordinary shares at an issue price of AU$0.50 per share. The placement included free attaching option for every two shares subscribed exercisable at AU$1.00 each, with an expiry of 10 January 2027.

As part of £0.65m share placement, 88,308 options were subsequently issued on 10 January 2024.

Other than those matters disclosed in the interim financial statements, there have been no significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the group's state of affairs.

NOTE 16. SEGMENT REPORTING

Geographic information on the Group's revenue by location of operations for the period and non-current assets at 31 December 2023 is as follows:

31-Dec-23	Malta A$	Israel A$	Slovenia A$	Australia and others A$	Total A$
Sales revenue	-	-	231,530	368,004	599,534
Total assets	6,105,113	-	2,356,901	8,871,697	17,333,711
30-Jun-23					
Sales revenue	-	7,098	2,846,926	533,543	3,387,567
Total assets	6,412,025	28,170	2,228,708	1,314,749	9,983,652

Directors' Declaration

The Directors of the Company declare that:

1. the interim financial statements and notes, are in accordance with the *Corporations Act 2001* and:

   a) comply with Australian Accounting Standard AASB134 Interim financial reporting and the Corporations Regulations 2001; and
   b) give a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half year ended on that date; and

2. Subject to the matters set out in note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, pursuant to s 303(5) of the Corporations Act.

R. Zomer

Roby Zomer
Managing Director & CEO
Dated 29 February 2024

MGC PHARMACEUTICALS LTD
ABN 30 116 800 269
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MGC PHARMACEUTICALS LTD

Conclusion

We have reviewed the half-year financial report of MGC Pharmaceuticals Ltd (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the group does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and

(b) complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the group incurred a net loss of $7,094,051 during the half-year ended 31 December 2023 and, as of that date, the group's current liabilities exceeded its current assets by $3,039,306. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

MGC PHARMACEUTICALS LTD
ABN 30 116 800 269
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MGC PHARMACEUTICALS LTD

Auditor's Responsibility for the Review of the Financial Report

ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001.*

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick (NSW)

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

STEWART THOMPSON
Partner
Dated: 29 February 2024