

LITTLE GREEN PHARMA

ABN 44 615 586 215



# Appendix 4E

For the 9 month period ended 31 March 2022



A world of *difference*

## LITTLE GREEN PHARMA LTD

### APPENDIX 4E

#### Results for announcement to the market

31 March 2022

Name of Company	Little Green Pharma Ltd
ABN	44 615 586 215
Reporting period	31 March 2022
Previous corresponding period	30 June 2021

#### Unaudited Financial Report for the 9 months ended 31 March 2022

This page and the following pages comprise the period end information given to the ASX under Listing Rule 4.3A.

The unaudited results are prepared in accordance with Australian Accounting Standards and are presented in Australian dollars.

Revenue from ordinary activities	Up	\$3,526,317	50%	to	\$10,529,947
Loss after tax from continuing operations	Up	\$(40,267,278)	N/A	to	\$(18,051,760)
Loss before tax from continuing operations	Up	\$(40,267,278)	N/A	to	\$(18,051,760)

Revenue from ordinary activities of \$10,529,947 consists primarily of revenue from the sale of medicinal cannabis oil and flower products. The profit from ordinary activities after tax in the prior year included a gain on the bargain purchase of the Denmark Facility of \$22,591,696 while the current year loss includes \$14,031,450 in research and development expenditure, an accrual of \$2,368,174 in relation to the 31 March 2022 research and development incentive grant, share based payments of \$1,753,877, a foreign exchange loss of \$1,010,103, depreciation and amortisation of \$1,004,135 and a gain on changes in the fair value of biological assets of \$2,132,993.

#### Dividends

No dividends are proposed, and no dividends were declared or paid during the current or prior year.

Net tangible asset backing	Reporting period	Previous period
Net tangible assets per ordinary security	\$0.311	\$0.390

#### Change in ownership of controlled entities

On 21 March 2022, the Company established Lab Services Denmark ApS which is a wholly owned subsidiary in Denmark to hold assets already owned by the Company.

#### Accounting standards used by foreign entities

All subsidiaries use International Financial Reporting Standards.

#### Independent auditor's report

The Financial Report is in the process of being audited with an expectation of an unmodified audit report containing a material uncertainty relating to going concern.

## Review of operations

During the 9 month period end 31 March 2022, Little Green Pharma ("LGP") generated over \$10,529,947 in revenue resulting in a net loss after tax of \$18,286,249 (compared to the previous year's profit after tax of \$22,215,518, predominately reflecting the impact of the bargain purchase of the Denmark Facility).

The current year loss primarily resulted from the Company's investment in developing new cannabis strains in order to meet its current and future sales agreements in line with the Company's growth strategy of increasing its foothold in emerging markets throughout Europe.

The Company experienced growth in underlying demand in Australia with a 12% increase in new patients from the previous financial year, and with an increase of 63% compared to the previous comparative 9 month period.

Meanwhile, gross margin decreased from 82% in the previous financial year to 52% for the period ended 31 March 2022 predominately due to an increase in the sale of medicinal cannabis flower with a lower margin and a reduction in the estimated fair value of flower at the date of harvest compared to the prior year.

As at 31 March 2022, the Group had a cash position of \$20 million.

During the reporting period, the Group's key focus has been integrating, right-sizing and improving the Danish Facility and its product offering, finalising the expansion of its Western Australian production operations, further developing sales channels into Europe and internationally, whilst providing educational and service support to healthcare professionals and patients in Australia. Meanwhile, the Group's research and development activities continue to be focussed on the development of products to meet current and future market demand.

The Group had a significant number of key achievements during the period and up to the date of this report, including:

- the signing of a large-volume take-or-pay exclusive supply agreement with one of Germany's largest and most successful cannabis distributors, Four 20 Pharma, for the supply of the Company's new SMS strain into Germany, for an estimated minimum value of \$7.5 million over its 30-month term;
- the signing of a 3-year supply agreement with Deutsche Medizinalcannabis GmbH (Demecan) with a minimum commitment of 1.3 tonnes per annum post ramp-up period for three prospective high-THC strains currently under development to maintain exclusivity;
- entry into a 3-year medicinal cannabis oil distribution agreement with AMP Medical

Products GmbH (AMP) for the exclusive distribution of two LGP-branded oil medicines and the non-exclusive supply of three others in Germany, subject to certain minimum exclusivity commitment quantities;

- the entry into a 3-year purchase agreement with Sana Life Sciences (Sana) for the exclusive supply of LGP's 10:10 cannabis oil as well as the non-exclusive supply of LGP-branded cannabis medicines into the UK and Crown Dependencies, for a potential annual revenue opportunity of \$1.4 million (£820,000) post-ramp up for the exclusive oil product alone based on minimum exclusivity commitment quantities;
- the successful award of a \$0.3 million (€200,000) Italian flower tender, with LGP one of only two suppliers bidding for the tender and with only one other company having been successful in the past, positioning LGP well for future tenders;
- the completion of the Company's Western Australian manufacturing facility expansion;
- the successful registration of LGP Denmark's Billinol THC16 cannabis flower medicine as the only domestically produced medicinal cannabis flower product in Denmark;
- the receipt of first shipments of LGP Denmark's Billy Buttons THC16 and THC19 cannabis flower medicines into Australia;
- the establishment of a significant genetics portfolio (20+ strains) with multiple strains in different stages of development at LGP's Denmark Facility, as well as the significant expansion of new genetics available in LGP's WA cultivation facilities;
- obtaining a Schedule 9 licence endorsement enabling it to manufacture and supply psilocybin at its Western Australian manufacturing facility, and announcement of the intention to demerge LGP's wholly-owned psychedelics business, Reset Mind Sciences Limited;
- continued sponsorship of the QUEST Initiative, a large-scale observational quality of life study into the treatment of chronic conditions with medicinal cannabis; and
- continued status as primary supplier to the French medicinal cannabis pilot in France, with over 20,000 units delivered during the financial year.

This statement was approved by the Board of Directors.



Alistair Warren  
Company Secretary

# Consolidated Statement of Financial Position *Unaudited*

	Note	31 March 2022	30 June 2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		20,086,504	40,269,169
Accounts receivable	3	5,599,794	3,656,846
Biological assets	4	1,076,173	965,244
Inventory	5	7,109,242	5,885,656
Assets held for sale	6	997,347	-
Prepaid expenses		578,301	868,086
<b>Total current assets</b>		<b>35,447,361</b>	<b>51,645,001</b>
Property, plant and equipment	7	59,394,347	54,065,269
Intangible assets	8	674,686	714,212
Right-of-use assets	9	190,196	1,345,710
Refundable deposits		197,839	834,085
Other financial assets		40,753	-
<b>Total non-current assets</b>		<b>60,497,821</b>	<b>56,959,276</b>
<b>Total assets</b>		<b>95,945,182</b>	<b>108,604,277</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	10	3,199,094	3,486,056
Loan note	11	11,876,669	11,365,891
Liabilities associated with assets held for sale	6	241,424	-
Lease liability	9	98,495	204,644
Employee benefit obligations	12	1,133,445	830,817
<b>Total current liabilities</b>		<b>16,549,127</b>	<b>15,887,408</b>
External borrowings	13	3,783,719	-
Lease liability	9	114,882	1,215,832
Employee benefit obligations	12	18,399	-
<b>Total non-current liabilities</b>		<b>3,917,000</b>	<b>1,215,832</b>
<b>Total liabilities</b>		<b>20,466,127</b>	<b>17,103,240</b>
<b>Net assets</b>		<b>75,479,055</b>	<b>91,501,037</b>
<b>Shareholders' equity</b>			
Share capital	14	90,254,064	86,197,119
Reserves		104,250	1,896,928
Accumulated profit/(deficit)		(14,879,259)	3,406,990
<b>Total shareholders' equity</b>		<b>75,479,055</b>	<b>91,501,037</b>

The accompanying notes form an integral part of these consolidated financial statements and the comparative information has been updated to reflect the finalisation of the provisional accounting for the acquisition accounting of LGP Denmark ApS. – refer to note 17.

# Consolidated Statement of Profit and Loss and Other Comprehensive Income *Unaudited*

	Note	Period ended 31 March 2022	Year ended 30 June 2021
<b>Revenue</b>			
Medicinal cannabis sales	15	10,279,593	7,003,630
Commercial rent		250,354	-
<b>Cost of sales</b>			
Cost of goods sold		(7,147,052)	(2,760,749)
Gain on changes in fair value of biological assets		2,132,993	1,532,891
<b>Gross margin</b>		<b>5,515,888</b>	<b>5,775,772</b>
<b>Expenses</b>			
General and administrative		(4,257,423)	(3,516,736)
Sales and marketing		(3,626,459)	(2,109,737)
Education		(790,297)	(714,030)
Research and development		(14,031,450)	(1,780,218)
Licences, permits and compliance costs		(1,955,355)	(1,867,725)
		<b>(24,660,984)</b>	<b>(9,988,446)</b>
<b>Loss from operations</b>		<b>(19,145,096)</b>	<b>(4,212,674)</b>
Other income		63,078	-
Interest income		31,487	39,287
Finance expense		(543,528)	(91,542)
Research and development incentive	16	2,368,174	3,379,527
Government grants		184,228	520,777
Gain on bargain purchase	17	-	22,591,696
Net foreign exchange		(1,010,103)	(11,553)
<b>Profit/(loss) before tax</b>		<b>(18,051,760)</b>	<b>22,215,518</b>
Tax expense	18	-	-
<b>(Loss) /profit after tax from continuing operations</b>		<b>(18,051,760)</b>	<b>22,215,518</b>
Loss for the year from discontinuing operations		(234,489)	-
<b>(Loss) /profit after tax</b>		<b>(18,286,249)</b>	<b>22,215,518</b>
<b>Other comprehensive income</b>			
Exchange fluctuations on translation of foreign operations		(2,306,128)	95,593
<b>Total comprehensive (loss)/profit net of tax</b>		<b>(20,592,377)</b>	<b>22,311,111</b>
<b>Net profit/(loss) per share from continuing operations</b>			
Basic (cents)		(7.65)	14.45
Diluted (cents)		(7.65)	13.40
<b>Weighted average number of shares outstanding</b>			
Basic		235,922,394	153,720,092
Diluted		235,922,394	165,763,095

The accompanying notes form an integral part of these consolidated financial statements and the comparative information has been updated to reflect the finalisation of the provisional accounting for the acquisition accounting of LGP Denmark ApS. – refer to note 17.

# Consolidated Statement of Changes in Equity *Unaudited*

	Share capital		Share based payment reserve	Translation reserve	Accumulated (deficit)/profit	Total
	No. Shares	\$				
As at 30 June 2020	133,501,069	29,944,260	1,217,194	(56,013)	(18,808,528)	12,296,913
Loss after tax	-	-	-	-	22,215,518	22,215,518
Translation reserve	-	-	-	95,593	-	95,593
<b>Total comprehensive income</b>	-	-	-	95,593	22,215,518	22,311,111
Share placements	87,025,586	54,300,000	-	-	-	54,300,000
Capital raising costs	-	(2,238,199)	-	-	-	(2,238,199)
Options exercised	6,850,000	2,055,000	-	-	-	2,055,000
Share based payments	-	-	1,615,389	-	-	1,615,389
Transfer on vesting	2,508,000	1,077,740	(1,077,740)	-	-	-
Shares in lieu of payments	1,247,977	497,100	-	-	-	497,100
Shares in lieu of salary	1,475,316	561,218	102,505	-	-	663,723
As at 30 June 2021	232,607,948	86,197,119	1,857,348	39,580	3,406,990	91,501,037
Loss after tax	-	-	-	-	(18,286,249)	(18,286,249)
Translation reserve	-	-	-	(2,306,128)	-	(2,306,128)
<b>Total comprehensive income</b>	-	-	-	(2,306,128)	(18,286,249)	(20,592,377)
Share placements	2,713,801	1,799,250	-	-	-	1,799,250
Share based payments	-	-	1,618,639	-	-	1,618,639
Employee share plan	620,000	350,300	(350,300)	-	-	-
Transfer on vesting	500,000	153,730	(153,730)	-	-	-
Options exercised	3,500,000	1,651,159	(498,653)	-	-	1,152,506
Shares in lieu of salary	269,465	102,506	(102,506)	-	-	-
<b>As at 31 March 2022</b>	<b>240,211,214</b>	<b>90,254,064</b>	<b>2,370,798</b>	<b>(2,266,548)</b>	<b>(14,879,259)</b>	<b>75,479,055</b>

The accompanying notes form an integral part of these consolidated financial statements and the comparative information has been updated to reflect the finalisation of the provisional accounting for the acquisition accounting of LGP Denmark ApS. – refer to note 17.

# Consolidated Statement of Cashflows *Unaudited*

	Period ended 31 March 2022	Year ended 30 June 2021
<b>Operating activities</b>		
Net (loss)/profit before tax	(18,286,249)	22,215,518
<b>Items not involving cash</b>		
Changes in fair value of biological assets	(2,132,993)	(1,532,891)
Depreciation and amortisation	1,004,135	685,266
Share-based payments	1,753,877	2,823,093
Interest income	-	(11,178)
Interest expense	471,964	72,173
Unrealised foreign exchange differences	966,320	-
Gain on derecognition of lease asset	(50,446)	-
Gain on bargain purchase	-	(22,591,696)
<b>Changes in non-cash operating working capital</b>		
Inventory and biological assets	700,130	(3,843,564)
Accounts receivable	(1,740,141)	(2,416,011)
Prepaid expenses	289,785	(174,463)
Accounts payable and accrued liabilities	(465,625)	(346,867)
Employee benefits obligations	321,027	(28,960)
<b>Net cash flows used in operating activities</b>	<b>(17,168,216)</b>	<b>(5,149,580)</b>
<b>Investing activities</b>		
Purchase of plant and equipment	(7,630,905)	(10,572,939)
Purchase of intangible assets	(29,475)	(2,161,446)
<b>Net cash flows used in investing activities</b>	<b>(7,660,380)</b>	<b>(12,734,385)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	1,050,000	54,116,801
Proceeds from borrowings	3,770,000	1,016,000
Repayment of borrowings	-	(1,016,000)
Payments for lease liabilities	(94,315)	(245,822)
<b>Net cash flows from financing activities</b>	<b>4,725,685</b>	<b>53,870,979</b>
<b>Net change in cash and cash equivalents</b>	<b>(20,102,911)</b>	<b>35,987,014</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>40,269,169</b>	<b>4,273,564</b>
<b>Effect of changes in foreign exchange</b>	<b>(79,754)</b>	<b>8,591</b>
<b>Cash and cash equivalents, end of period</b>	<b>20,086,504</b>	<b>40,269,169</b>

The accompanying notes form an integral part of these consolidated financial statements and the comparative information has been updated to reflect the finalisation of the provisional accounting for the acquisition accounting of LGP Denmark ApS. – refer to note 17.

# Notes to the Financial Statements

## *Unaudited*

### 1. NATURE AND CONTINUANCE OF OPERATIONS

Little Green Pharma Ltd ACN 615 586 215 (the "**Company**", "**LGP**") was incorporated in Australia and is a for profit company limited by shares. The financial report covers LGP and its controlled entities (the "**Group**"). The Company's registered office is at Level 2, 66 Kings Park Road, West Perth, 6005 Western Australia.

On 15 February 2022 the Company resolved to change its financial year to 31 March. The current reporting period is for a 9 month period ending 31 March 2022 and the comparative reporting period is for a 12 month period ending 30 June 2021.

### 2. BASIS OF PREPARATION

#### a) Statement of Compliance

The Appendix 4E does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

#### b) Basis of measurement

Certain comparative amounts have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group, in particular:

- On 8 February 2022, LGP announced its intention to demerge Reset Mind Sciences Limited. In addition, the board resolved to dispose of the Group's Lab Services Denmark ApS entity and negotiations with several interested parties have subsequently taken place. In accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations, the Group has:
  - o presented the loss from Reset Mind Sciences Limited and Lab Services Denmark ApS separately from its continuing operations in its Consolidated Statement of Profit or Loss and Other Comprehensive Income in the current period and re-presentation of amounts presented in the prior period. Refer to Note 6 for further details;
  - o presented the assets and liabilities of Reset Mind Sciences Limited and Lab Services Denmark ApS as held for sale separately from other assets and liabilities in the Consolidated Statement of Financial Position as at 31 March 2022 with no re-presentation of amounts presented in the prior period. Refer to Note 6 for further details; and
  - o continued to present the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows including both continuing and discontinued operations.
- Restated the comparative information to reflect the finalisation of the provisional accounting for the acquisition accounting of LGP Denmark ApS. Refer to Note 6 for further details.

### c) Going concern

These consolidated financial statements have been prepared on the going concern basis which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Group incurred a net loss of \$18,286,249 during the 9 month period ended 31 March 2022 (net profit of \$22,215,518 for 12 months ended 30 June 2021), and net cash outflows from operating and investing activities totalled \$24,828,596 (30 June 2021: \$17,883,965). As at 31 March 2022, the Group had cash and cash equivalents of \$20,086,504 and had net current assets of \$18,898,234.

The Group has prepared a cash flow forecast to 30 June 2023 which demonstrates there is the necessary working capital for the Group to continue its ongoing operations. This is dependent upon a combination of the following:

- securing a payment extension for a portion of the Loan Note with Canopy Growth Corporation before its due date of 21 June 2022;
- continuing the sales growth rate consistent with that achieved in the 9 month period;
- securing agreement and receipt of proceeds from the sale of the Danish GMP Lab operations;
- receipt of the government Research and Development tax incentive of \$2.3 million which is accrued for in Note 3;
- drawing down on the existing \$2.0 million financing facility with National Australia Bank as required; and
- managing costs and production in line with the cash flow forecast.

Whilst the Directors are confident of the Group's ability to continue as a going concern, due to the factors mentioned above, there is a material uncertainty that may cast doubt whether the Group will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

### d) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company has the following subsidiaries:

Name of Entity	Country of Incorporation	Functional Currency	Ownership	
			31 March 2022	30 June 2021
Little Green Pharma AG	Germany	Euro	100%	100%
Little Green Pharma Switzerland GmbH	Switzerland	CHF	100%	100%
LGP Operations Pty Ltd	Australia	AUD	100%	100%
LGP Holdings Pty Ltd	Australia	AUD	100%	100%
Reset Mind Sciences Limited*	Australia	AUD	100%	100%
Little Green Pharma ApS	Denmark	DKK	100%	100%
Lab Services Denmark ApS#	Denmark	DKK	100%	-

\* On 30 September 2021 LGP Alternative Therapies Pty Ltd changed its name to Reset Mind Sciences Limited and converted into a public company.

# On 21 March 2022 Lab Services Denmark ApS was incorporated.

### e) Functional and presentation currency

The Company's and Group's functional currency is Australian dollars and the Group's presentation currency is also Australian dollars. All amounts presented are in Australian dollars unless otherwise specified.

### f) New and revised Australian Accounting Standards

In the current year, the Company has applied all new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations or effective for accounting periods starting on or after 1 July 2021. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

## 3. ACCOUNTS RECEIVABLE

The Group's trade and other receivables is comprised of:

	31 March 2022	30 June 2021
Trade receivables	1,849,909	773,311
Allowance for expected credit loss	-	-
Research and development incentive receivable	2,329,066	1,889,424
Goods and services tax receivable	288,264	382,933
Other receivables	1,132,555	611,178
	<b>5,599,794</b>	<b>3,656,846</b>

Trade receivables are recognised and carried at original invoice value less any allowance for expected credit losses. They are non-interest bearing and generally on 30-day terms.

The Group has a limited number of counter parties who it trades with on a regular basis and as such does not expect to incur any material credit losses.

The Company receives a annual research and development tax incentive from the Australian Government on eligible expenditure incurred during the financial year. For the financial year ended 31 March 2022, eligible expenditure is expected to result in a rebate of \$2.329 million (2021: \$1.889 million).

## 4. BIOLOGICAL ASSETS

The movement associated with the Group's biological assets is as follows:

	31 March 2022	30 June 2021
Opening balance	965,244	13,857
Costs incurred	5,483,958	2,316,760
Acquired as part of business combination	-	111,122
Transfer to inventory	(7,480,816)	(3,009,386)
Unrealised changes in fair value	2,107,787	1,532,891
	<b>1,076,173</b>	<b>965,244</b>

Biological assets are classified as Level 3 on the fair value hierarchy with the following inputs and assumptions being subject to significant volatility and uncontrollable factors, which could significantly affect the fair value of the biological assets in future periods:

- plant waste – wastage of plants based on various stages of growth;
- yield per plant – represents the weighted average grams of dry cannabis expected to be harvested from a cannabis plant, based on historical yields;
- cannabinoid yield per gram – represents the weighted average cannabinoids expected to be obtained from a dry gram of cannabis, based on historical yields;
- selling price, less costs to sell – based on estimated selling price per gram of dry cannabis based on historical sales and expected sales;
- percentage of costs incurred to date compared to the total costs to be incurred (to estimate the fair value of an in-process plant) – represents estimated costs to bring a gram of cannabis from propagation to harvest; and
- stage of plant growth – represents the weighted average age in of the plant out of the average growing cycle as at period end date.

In the current period, the biological assets were approximately 48% complete (30 June 2021 - 34%) as to the next expected harvest date. The average number of days from the point of propagation to harvest is 91 days.

A 20% increase or decrease in the estimated yield of cannabis per plant would result in an increase or decrease in the fair value of biological assets of \$215,234 at 31 March 2022 (30 June 2021 - \$140,000). A 25% increase or decrease in the average selling price per gram less cost to sell would result in an increase or decrease in the fair value of the biological assets of \$269,043 at 31 March 2022 (30 June 2021 - \$175,000). At harvest, the estimated fair value of a gram of biomass is \$3.50 (30 June 2021 - \$4.00).

## 5. INVENTORY

The Group's inventory is comprised of:

	31 March 2022	30 June 2021
Supplies and consumables	119,687	320,473
Work in progress	5,996,982	4,449,550
Finished goods	992,573	1,115,633
	<b>7,109,242</b>	<b>5,885,656</b>

In the current period, \$67,943 worth of inventory was written down to its recoverable amount.

## 6. ASSETS AND LIABILITIES HELD FOR SALE

In February 2022, LGP announced the intention to demerge Reset Mind Sciences Limited. In addition, the board has resolved to dispose of the Group's Lab Services Denmark Aps operations and negotiations with several interested parties have subsequently taken place. These operations, which are expected to be disposed of within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. The proceeds of disposal of Lab Services Denmark ApS is expected to substantially exceed the carrying amount of the related net assets and there will be no loss related to the demerger of Reset Mind Sciences Limited and therefore no impairment has been recognised. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	31 March 2022	30 June 2021
<b>Results of assets held for sale</b>		
<b>Effect on statement of profit or loss and other comprehensive income</b>		
Revenue	-	-
General and administrative	(48,781)	-
Research and development	(269,531)	-
Licences, permits and compliance costs	(33,318)	-
Net foreign exchange	(50)	-
<b>Loss before tax from disposal group</b>	<b>(351,680)</b>	<b>-</b>
Attributable tax expense	-	-
<b>Loss after tax from disposal group</b>	<b>(351,680)</b>	<b>-</b>
<b>Cashflow from discontinued operations</b>		
Cashflow from financing activities	-	-
<b>Effect on the financial position of the Group as at 31 March 2022</b>		
<b>Current Assets</b>		
Cash and cash equivalents	8,075	-
Accounts receivable	271,966	-
<b>Non-current Assets</b>		
Plant and equipment	461,620	-
Plant under construction	255,686	-
<b>Assets classified as held for sale</b>	<b>997,347</b>	<b>-</b>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	241,424	-
<b>Liabilities associated with the assets classified as held for sale</b>	<b>241,424</b>	<b>-</b>
<b>Net assets of disposal group</b>	<b>755,923</b>	<b>-</b>

## 7. PROPERTY, PLANT AND EQUIPMENT

The Group's plant and equipment comprised of:

	Land & buildings	Leasehold improvements	Production equipment	Office equipment	Assets under construction	Total
<b>Cost</b>						
As at 30 June 2020	-	6,536,768	1,083,903	128,924	-	7,749,595
Additions	-	514,932	321,977	62,003	-	898,912
Acquisition of subsidiary	37,034,042	-	8,792,065	250,303	-	46,076,410
Transfers	-	301,012	(274,956)	(26,056)	-	-
Write-off asset	-	(143,575)	-	(53,201)	-	(196,776)
As at 30 June 2021	37,034,042	7,209,137	9,922,989	361,973	-	54,528,141
Additions	6,833,149	3,660	1,056,489	122,726	1,722,464	9,738,488
Write-off asset	(33,421)	(2,270)	(47,710)	-	-	(83,401)
Transfers	7,177,768	(7,177,768)	-	-	-	-
Assets moved to held for sale	-	-	(477,005)	-	(255,686)	(732,691)
Foreign exchange movements	(2,106,383)	-	(148,232)	(1,934)	-	(2,256,549)
<b>As at 31 March 2022</b>	<b>48,905,155</b>	<b>32,759</b>	<b>10,306,531</b>	<b>482,765</b>	<b>1,466,778</b>	<b>61,193,988</b>
<b>Accumulated depreciation</b>						
As at 30 June 2020	-	(76,178)	(95,934)	(89,414)	-	(261,526)
Depreciation	-	(293,172)	(88,368)	(16,582)	-	(398,122)
Transfers	-	(69,936)	58,040	11,896	-	-
Write-off asset	-	143,575	-	53,201	-	196,776
As at 30 June 2021	-	(295,711)	(126,262)	(40,899)	-	(462,872)
Depreciation	(356,271)	(137,743)	(136,458)	(130,657)	-	(761,129)
Transfers	(419,969)	419,969	-	-	-	-
Write-off asset	3,595	2,270	77,536	-	-	83,401
Assets move to held for sale	-	-	15,386	-	-	15,386
Foreign exchange movements	(353,218)	-	(269,546)	(51,663)	-	(674,427)
<b>As at 31 March 2022</b>	<b>(1,125,863)</b>	<b>(11,215)</b>	<b>(439,344)</b>	<b>(223,219)</b>	<b>-</b>	<b>(1,799,641)</b>
<b>Carrying value</b>						
As at 30 June 2021	37,034,042	6,913,426	9,796,727	321,074	-	54,065,269
<b>As at 31 March 2022</b>	<b>47,779,292</b>	<b>21,544</b>	<b>9,867,187</b>	<b>259,546</b>	<b>1,466,778</b>	<b>59,394,347</b>

Assets under construction are not depreciated until brought into use.

The following amount of \$6,300,286 in Land & Buildings is pledged as security in relation to the external borrowings. Refer to note 13 for further detail.

## 8. INTANGIBLE ASSETS

The Group's intangible assets comprised of:

	Patents & trademarks	Computer software	Pharmaceutical quality system	Total
<b>Cost</b>				
As at 30 June 2020	112,518	97,650	452,032	662,200
Additions	7,807	57,813	96,914	162,534
Write-off asset	-	-	-	-
As at 30 June 2021	120,325	155,463	548,946	824,734
Additions	-	29,475	-	29,475
<b>As at 31 March 2022</b>	<b>120,325</b>	<b>184,938</b>	<b>548,946</b>	<b>854,209</b>
<b>Accumulated amortisation</b>				
As at 30 June 2020	(15,988)	(25,837)	-	(41,825)
Amortisation	(6,639)	(26,624)	(35,434)	(68,697)
Write-off of asset	-	-	-	-
As at 30 June 2021	(22,627)	(52,461)	(35,434)	(110,522)
Amortisation	(4,513)	(23,313)	(41,175)	(69,001)
<b>As at 31 March 2022</b>	<b>(27,140)</b>	<b>(75,774)</b>	<b>(76,609)</b>	<b>(179,523)</b>
<b>Carrying value</b>				
As at 30 June 2021	97,698	103,002	513,512	714,212
<b>As at 31 March 2022</b>	<b>93,185</b>	<b>109,164</b>	<b>472,337</b>	<b>674,686</b>

## 9. RIGHT-OF-USE ASSETS & LEASE LIABILITIES

The movement associated with the Group's right-of-use assets is as follows:

	Right of use assets
As at 30 June 2020	1,655,148
Additions	18,740
Disposals	(151,592)
Depreciation	(176,586)
As at 30 June 2021	1,345,710
Additions	-
Disposals	(1,077,342)
Depreciation	(78,172)
<b>As at 31 March 2022</b>	<b>190,196</b>

The Group's lease liabilities is comprised of:

	31 March 2022	30 June 2021
Current lease liability	98,495	204,644
Non-current lease liability	114,882	1,215,832
	<b>213,377</b>	<b>1,420,476</b>

The Group's head office lease is for a term of five years expiring 31 August 2024. The Group previously leased the production facility in Australia however on 16 August 2021, the land on which the production facility sits along with two adjacent properties were purchased.

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Group's accounts payable and accrued liabilities is comprised of:

	31 March 2022	30 June 2021
Trade and other payables	1,545,352	1,042,427
Accrued liabilities	1,653,742	2,443,629
	<b>3,199,094</b>	<b>3,486,056</b>

## 11. LOAN NOTE

The Group is a party to a secured Loan Note in relation to the Little Green Pharma Denmark ApS acquisition. The Loan Note is secured over the land and buildings held by Little Green Pharma Denmark ApS, with an interest rate of 5% per annum due on 21 June 2022.

## 12. EMPLOYEE BENEFIT OBLIGATIONS

The Group's employee benefit obligation is comprised of:

	31 March 2022	30 June 2021
<b>Current liabilities</b>		
Annual leave	364,891	620,997
Employee Benefits	768,554	209,820
<b>Non-current liabilities</b>		
Long service leave	18,399	-
	<b>1,151,844</b>	<b>830,817</b>

## 13. EXTERNAL BORROWINGS

During the period, the Group obtained a secured external loan of \$3,770,000 (30 June 2021: Nil) from National Australia Bank. The loan has an effective interest rate of 3.795% payable and an amortised cost of \$3,783,719 and is due for repayment on 31 December 2024. In addition, the Group obtained a revolving credit facility of \$2,000,000 (30 June 2021: Nil) which has not been drawn down on. The loan and the revolving credit facility are secured over the land and buildings held by LGP Holdings Pty Ltd. These assets are classified as property, plant and equipment with a value of \$6,300,286 (30 June 2021: Nil).

## 14. SHARE CAPITAL

At 31 March 2022 a total of 240,211,214 ordinary shares had been issued (30 June 2021 - 232,607,948).

Non cash investing activities for the period ended 31 March 2022 included issuing 2,713,801 ordinary shares in lieu of cash at a weighted average issue price of \$0.66 per share, for the acquisition of the production facilities totalling \$1,799,250. Non cash financing activities for the period ended 31 March 2022 included issuing 889,465 ordinary shares to employees at a weighted average issue price of \$0.51 per share totalling \$452,806.

3,500,000 options with an exercise price of \$0.30 were also exercised during the period.

## 15. MEDICINAL CANNABIS SALES

The Group's medicinal cannabis sales is comprised of:

	Period ended 31 March 2022	Year ended 30 June 2021
Type of medicinal cannabis sales		
Oil products	6,779,227	6,497,845
Flower products	3,500,366	505,785
	<b>10,279,593</b>	<b>7,003,630</b>

## 16. RESEARCH DEVELOPMENT INCENTIVE

The Company has recognised \$2,329,066 (30 June 2021: \$3,379,527) in income relating to the expected research and development incentive rebate associated with expenditure incurred during the period ended 31 March 2022.

## 17. BUSINESS COMBINATIONS

### Acquisition of Canopy Growth Denmark ApS (LGP Denmark ApS)

On 21 June 2021, the Company acquired 100% of the securities in Canopy Growth Denmark ApS (renamed to LGP Denmark ApS) for C\$20 million, with C\$10 million being paid on completion and a loan note of C\$10 million due on 30 June 2022 to Canopy Growth Corporation remaining in LGP Denmark ApS. LGP Denmark ApS is a world class cannabis GACP cultivation and EU-recognised GMP licensed cannabis manufacturing facility located in Denmark ("Denmark Facility") and qualifies as a business as defined in AASB 3 Business Combinations.

The amounts recognised in respect of the fair values of the assets and liabilities acquired are set out below:

	Provisional 30 June 2021	Adjustment	Final 31 March 2022
Cash and cash equivalents	605,337	-	<b>605,337</b>
Biological assets	1,019,828	(1,019,828)	-
Inventory	1,479,331	(1,368,209)	<b>111,122</b>
Prepaid expenses	659,070	-	<b>659,070</b>
Plant and equipment	46,076,410	-	<b>46,076,410</b>
Accounts payable and accrued liabilities	(1,792,195)	-	<b>(1,792,195)</b>
Deferred payment	(11,365,891)	-	<b>(11,365,891)</b>
Employee benefits	(523,881)	-	<b>(523,881)</b>
Deferred tax assets/(liabilities)	-	-	-
Contingent liabilities	-	-	-
<b>Fair value of assets and liabilities acquired</b>	<b>36,158,009</b>	<b>(2,388,037)</b>	<b>33,769,972</b>
Gain on bargain purchase	(24,979,733)	2,388,037	<b>(22,591,696)</b>
<b>Consideration</b>	<b>11,178,276</b>	<b>-</b>	<b>11,178,276</b>
<b>Consideration net of cash and adjustments</b>	<b>10,572,939</b>	<b>-</b>	<b>10,572,939</b>
<b>Net profit per share</b>			
Basic (cents)	16.01	(1.56)	<b>14.45</b>
Diluted (cents)	14.84	(1.44)	<b>13.40</b>

The fair value of the assets and liabilities are finalised. The adjustment between the provisional fair value of the assets and liabilities presented at 30 June 2021 and the final fair value of the assets and liabilities presented at 31 March 2022, relate to the biological asset and the flower inventory assets acquired. These have since been determined to have a fair value of nil due as they are not believed to be saleable. The remaining balance within inventory represents the fair value of the consumables.

The acquisition of Canopy Growth Denmark ApS likely resulted in a gain on bargain purchase due to Canopy Growth Corporation divesting many of its noncore assets globally and being unwilling to sell the Denmark operation to a large Canadian or United States competitor.

**18. INCOME TAXES**

The reconciliation of income tax obtained by applying statutory rates to the profit/(loss) before income tax is as follows:

	31 March 2022	30 June 2021
Gain / (Loss) for the year before income taxes from continuing operations	(18,051,760)	22,215,518
Gain / (Loss) for the year before income taxes from discontinuing operations	(234,489)	-
Statutory tax rate	25.0%	26.0%
	<b>(4,571,562)</b>	<b>5,776,035</b>
Add/(deduct)		
• Share based payments	438,469	734,004
• Research and development incentive	1,046,663	250,634
• Gain on bargain purchase	-	(5,873,842)
• Foreign losses not recognised	2,547,959	168,780
• Other	-	(10,923)
• Movement in deferred tax not recognised/(recognised)	538,471	(1,044,688)
<b>Income tax (benefit)/expense</b>	<b>-</b>	<b>-</b>

Total tax losses for which no deferred tax assets has been recognised is \$7,608,247 (30 June 2021: \$7,069,776). Utilisation of carry forward tax losses is dependent upon the satisfaction of the requirements of the Income Tax Assessment Act 1936 and 1997 within Australia (continuity of ownership and same business test with no expiry if tests are achieved) and the relevant loss recoupment provisions in subsidiaries in foreign jurisdictions. The Company has no material uncertainties over income tax treatments in Australia. The Danish subsidiary has a statutory tax rate of 22% and historic tax losses of the acquired company are not believed to be available for use by the Group.

**Deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	31 March 2022	30 June 2021
Deferred tax (asset)/liability		
• Biological assets	(812,517)	(133,396)
• Prepayments	(68,451)	(60,563)
• Plant and equipment	(72,944)	(69,132)
• Net lease liability	5,795	19,439
• Accounts payable and accrued liabilities	345,316	179,594
• Unrealised FX loss	41,907	2,234
• 40-880 tax balance	394,262	93
• Employee entitlements	166,632	61,731
Net deferred tax (asset)/liabilities	-	-
Benefit of tax losses not recognised	-	-
<b>Net deferred tax (asset)/liability recognised</b>	<b>-</b>	<b>-</b>

## 19. OPERATING SEGMENTS

The Group's Chief Executive Officer who is the chief operating decision maker has historically managed the business, made resource allocation decisions and assessed performance based on the operations as a whole and therefore the consolidated financial statements represented the single operating segment. The acquisition of the Denmark facility on 21 June 2021 has resulted in the company now operating in two segments, Australia and Europe.

	Australia	Europe
Total assets	64,144,740	31,800,442
Total liabilities	(7,288,608)	(13,177,519)
<b>Net assets</b>	<b>56,856,132</b>	<b>18,622,923</b>
<b>Loss after tax from continuing operations</b>	<b>(6,002,644)</b>	<b>(12,049,116)</b>

## 20. COMMITMENTS

	31 March 2022	30 June 2021
<b>Leases recognised as a liability</b>		
Non-cancellable operating leases contracted for capitalised		
• Not later than 12 months	98,495	282,656
• Between 12 months and 5 years	114,882	1,157,636
• Greater than 5 years	-	367,348
	<b>213,377</b>	<b>1,807,640</b>

Previously the Group leased its production facility and its head office in Australia however during the current period, the production facility and two adjacent properties were acquired extinguishing commitments totalling \$1,384,618.

## 21. EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than the Company signing supply agreements with Four20 Pharma and Demecan, both in Germany, and Sana Life Sciences in the United Kingdom.



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