Incorporated in the Republic of South Africa
(Registration number 1986/001616/06)
("Labat Africa" or "the company")
JSE code: LAB ISIN: ZAE000018354
LEI 9845000R73DF5EE41J88

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 28 February 2022 Unaudited R'000	6 months ended 28 February 2021 Reviewed R'000
Revenue	**20 175**	**21 403**
Cost of sales	(14 404)	(10 945)
Gross profit	**5 771**	**10 458**
Other income	486	-
Depreciation and amortisation	(15 661)	(13 699)
Operating expenses	(15 483)	(14 865)
Operating loss	**(24 887)**	**(18 106)**
Investment revenue	-	16
Finance costs	(738)	(633)
Loss before taxation	**(25 625)**	**(18 723)**
Taxation	4 058	2 288
Loss for the period	**(21 567)**	**(16 435)**
Other comprehensive income	-	-
Total comprehensive loss for the period	**(21 567)**	**(16 435)**
Attributable to:		
Equity holders of the parent	**(21 003)**	**(17 538)**
Non-controlling interest	(564)	1 103
Total comprehensive loss for the period	**(21 567)**	**(16 435)**
Basic loss per share (cents)	**(4.3)**	**(4.5)**
Diluted basic loss per share (cents)	**(4.3)**	**(4.5)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	28 February 2022 Unaudited R'000	31 August 2021 Audited R'000	28 February 2021 Reviewed R'000
ASSETS			
Non-current assets			
Property, plant and equipment	582	700	660
Right-of-use assets	6 939	7 934	5 990
Intangible assets	102 631	116 348	111 420
Goodwill	1 968	-	7 592
Other investments	1 184	-	200
Deferred tax	16 520	16 434	17 560
	129 824	**141 416**	**143 422**
Current assets			
Inventories	4 383	4 334	3 464
Loans to directors and shareholders	2 741	2 698	-
Trade and other receivables	17 351	7 048	13 698
South African Revenue Services	52 897	52 624	19 673
Cash and cash equivalents	11 940	14 444	6 207
Total Current assets	**89 312**	**81 148**	**43 042**
TOTAL ASSETS	**219 136**	**222 564**	**186 464**
EQUITY AND LIABILITIES			
Equity			
Share capital and share premium	219 724	212 514	178 746
Non-controlling interest	9 149	9 713	7 292
Non-Distributable Reserves	106	128	149
Accumulated loss	(142 031)	(121 050)	(115 839)
Total equity and reserves	**86 948**	**101 305**	**70 348**
Non-current liabilities			
Lease liabilities	5 607	8 145	6 320
Other financial liabilities	21 556	16 461	15 656
Provision	9 800	9 800	24 800
Deferred Taxation	25 316	29 334	27 939
Deferred Revenue	2 264	2 264	**-**
Total Non-Current Liabilities	**64 543**	**66 004**	**74 715**
Current liabilities			
Loans from directors and shareholders	4 395	4 490	4 596
Share put options liability	900	900	900
Lease liabilities	3 450	1 268	1 092
South African Revenue Services	35 121	32 837	18 023
Trade and other payables	22 513	13 073	16 591
Deferred revenue	283	833	-
Other financial liabilities	-	1 801	-
Bank overdraft	10	3	14
Provisions	973	-	185
Total current liabilities	**67 645**	**55 255**	**41 401**
Total liabilities	**132 188**	**121 259**	**116 116**
Total Equity and Liabilities	**219 136**	**222 564**	**186 464**
Number of ordinary shares in issue (net of treasury shares) ('000)	507 730	479 538	414 174
Net asset value per share (cents)	18.1	21.1	17.0
Net tangible asset value per share (cents)	(3.3)	(3.1)	(11.7)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 28 February 2022 Unaudited R'000	6 months ended 28 February 2021 Reviewed R'000
Cash flows used in operating activities:		
Cash generated from operations	(14 920)	(5 698)
Interest received	-	16
Interest paid	(737)	(394)
Net cash used in operating activities	**(15 657)**	**(6 076)**
Cash flows from/(used) in investing activities:		
Purchase of property, plant and equipment	(457)	(22)
Purchase of intangible assets	(789)	(811)
Acquisition of subsidiary, net of cash acquired	(418)	38
Net flow from/ (used in) investing activities	**(1 664)**	**(795)**
Net flow raised from/ (used in) financing activities:		
Lease payments	(2 401)	(133)
Proceeds on shares issue	6 972	5 441
Loans from related parties received	8 800	-
Loans from related parties paid	(1 183)	-
Directors and shareholders loans received (Proceeds of loans from directors)	2 622	-
Net flow from financing activities	**14 810**	**4 058**
Net decrease in cash	(2 511)	(2 813)
Cash at beginning of period	14 441	9 006
***Net Cash at end of period**	**11 930**	**6 193**

***Net of bank overdrafts**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium R'000	Revaluation Reserves R'000	Accumulated Loss R'000	Equity attributable to owners of the parent R'000	Non-controlling interest R'000	Total shareholders' equity R'000
Balance at 29 February 2020 – Restated	**171 095**	**213**	**(113 535)**	**57 773**	**-**	**57 773**
Issue of shares	1 848	-	-	1 848	-	1 848
Cancellation of share transaction	(5 000)	-	-	(5 000)	-	(5 000)
Profit for the period	-	-	15 172	15 172	(257)	14 914
Transfer of revaluation reserve	-	(43)	43	-	-	-
Non- controlling interest at acquisition	-	-	-	-	6 429	6 429
Balance at 31 August 2020 – Audited	**167 943**	**170**	**(98 322)**	**69 793**	**6 172**	**75 965**
Issue of shares	11 703	-	-	11 703	-	11 703
Share put option	(900)	-	-	(900)	-	(900)
Transfer of revaluation reserve	-	(21)	21	-	-	-
Non- controlling interest at acquisition	-	-	-	-	17	17
Loss for the period	-	-	(17 538)	(17 538)	1 103	(16 435)

Balance at 28 February 2021- Reviewed	**178 746**	**149**	**(115 839)**	**63 056**	**7 292**	**70 348**
Issue of shares	33 768	-	-	33 768	-	33 738
Total comprehensive income for the period		-	(5 232)	(5 232)	(2)	(5 234)
Non–Controlling interest	-			-	2 423	2 423
Transfer of revaluation reserve	-	(22)	22	-	-	-
Balance at 31 August 2021 – Audited	**212 514**	**128**	**(121 050)**	**91 592**	**9 713**	**101 305**
Issue of shares	7 210	-	-	7 210	-	7 210
Transfer of revaluation reserve	-	(22)	22	-	-	-
Loss for the period	-	-	(21 003)	(21 003)	(564)	(21 567)
Balance at 28 February 2022- Unaudited	**219 724**	**106**	**(142 031)**	**77 799**	**9 149**	**86 948**

SEGMENT REPORT
28 FEBRUARY 2022

Statement of Profit or loss	Technology	Bulk Logistics & Head Office	Healthcare	Operational Total	Inter-Segment Eliminations	Total
External revenue	3 712	15 686	777	**20 175**	-	20 175
Cost of revenues	1 853	12 128	423	**14 404**	-	14 404
Gross Profit	**1 859**	**3 558**	**354**	**5 771**	**-**	**5 771**
Other income	251	185	50	**486**		486
Operating expenses	(2 335)	(10 591)	(2 898)	(15 824)	341	(15 483)
Before disclosable items	(226)	(6 848)	(2 494)	(9 567)	341	(9 226)
Amortisation & depreciation	(465)	(662)	(412)	(1 539)	(14 121)	15 661)
Recurring operating loss	**(691)**	**(7 510)**	**(2 906)**	**(11 106)**	**(13 780)**	**(24 887)**
Finance cost	(170)	(568)	-	(738)	-	(738)
Loss before taxation	**(861)**	**(8,078)**	**(2 906)**	**(11 844)**	**(13 780)**	**(25 625)**
Taxation		-	104	104	3 954	4 058
Loss for the period	**(861)**	**(8 078)**	**(2 802)**	**(11 740)**	**(9 826)**	**(21 567)**

Segment Assets	**90 982**	**157 033**	**19 213**	**267 228**	**(48 092)**	**219 136**
Segment Liabilities	**55 665**	**80 447**	**29 949**	**166 061**	**(33 873)**	**132 188**

SEGMENT REPORT
28 FEBRUARY 2021

Statement of Profit or loss	Technology	Bulk Logistics & Head office	Healthcare	Operational Total	Inter-Segment Eliminations	Total
External revenue	4 357	8 807	8 239	21 403	-	21 403
Management Fees	(435)	1 450	-	1 015	(1 015)	-
Total revenue	**3 922**	**10 257**	**8 239**	**22 418**	**(1 015)**	**21 403**
Cost of revenues	(1 144)	(8 384)	(1 417)	(10 945)	-	(10 945)
Gross Profit	**2 778**	**1 873**	**6 822**	**11 473**	**(1 015)**	**10 458**
Operating expenses	(3 657)	(10 063)	(2 162)	(15 882)	1 015	(14 865)
Amortisation & depreciation	(108)	(653)	-	(761)	(12 938)	(13 699)
Recurring operating profit/(loss)	**(987)**	**(8 843)**	**4 660**	**(5 170)**	**(12 938)**	**(18 106)**
Finance income	16	-		16	-	16
Finance cost	-	(633)	-	(633)	-	(633)
Profit/(loss) before taxation	**(971)**	**(9 476)**	**4 660**	**(5 787)**	**(12 938)**	**(18 723)**
Taxation	95		(1 430)	(1 335)	3 623	2 288
Profit/(loss) for the period	(876)	(9 476)	3 230	(7 122)	6 294	(16 435)

Segment Assets	**57 964**	**128 235**	**9 545**	**195 744**	**(9 280)**	**186 464**
Segment Liabilities	**39 656**	**81 513**	**10 481**	**131 650**	**(15 534)**	**116 116**

COMMENTARY

1. BASIS OF PREPARATION

Statement of compliance
The unaudited interim results are prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards ("**IFRS**"), its interpretations adopted by the International Accounting Standards Board ("IASB"), the presentation and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, IAS 34 – *Interim Financial Reporting*, the Listings Requirements of the JSE Limited, and the requirements of the Companies Act of South Africa, No. 71 of 2008, as amended.

The unaudited interim results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS, and where applicable. The results have been prepared using accounting policies that are consistent with those used in the preparation of the results for the year ended 31 August 2021.

The preparation of these condensed consolidated interim financial statements has been supervised by the Group Financial Director, Mr Gorden Walters, in terms of section 29(1)(e) of the Companies Act 2008, as amended (the Companies Act). The Board takes full responsibility for the preparation of the unaudited interim results for the six months ended 28 February 2022.

2. INTRODUCTION

As can be concluded from the below commentary, Labat has been very successful in laying the foundation of its Healthcare business with a focus on Cannabis. The investment in the Cannabis industry with the large associated intangible assets, attracts a correspondingly large amortisation charge on intangible assets. This remains a challenge from a business point of view, as it impacts directly on the profitability of the Group but the accounting treatment is in line with the IFRS requirements and therefore is an unavoidable shackle. The reality is that these investments have appreciated in value and now that the industry is beginning to break the constraints of the Cannabis regulations, the Company can now see the light at the end of the tunnel.

Over the past two years, Labat has entered into a number of agreements and has managed to secure excellent quality acquisitions throughout the value chain of the healthcare division businesses, which value chain ranges from "Seed to Sales". At the date of this report, the group comprises of three main segments, which are Healthcare, Logistics and Technology.

"The company's vision remains to be the number one Cannabis/Hemp company in Africa and to maintain that position. The agreements over the last two years ensure that the Company is on a profitable and value creating path"

"Labat has made massive strides in laying the ground-work to becoming a Cannabis Powerhouse in Africa"

Labat measures its success beyond yield and capacity; the pursuit of quality for a long-term competitive advantage drive to its business strategy

Subsequent to the reporting period, Labat Africa acquired 80% of Lima Romeo Air (Pty) Limited (trading as Sweetwaters Aquaponics), a fully operational Medicinal Cannabis cultivation facility in Kenton-on-Sea in the Eastern Cape. Sweetwaters is a South African Health Products Regulatory Authority ("SAHPRA") approved facility and this now completes the Cannabis value chain of the group.

Operating Highlights.
Labat Africa's Cannabis journey since 2019:
- 2019 announced as the JSE's pioneer and first mover into the emerging Cannabis economy; accompanied by the acquisition of The Highly Creative (Pty) Limited ("THC");
- 70% acquisition of CBD Retail Brand CannAfrica (Pty) Limited, with outlets opened nationally, to add to its Johannesburg and Hartbeespoort presence;
- 100% acquisition of USA Miami-based CBD lifestyle brand Echo Life (Pty) Limited;
- 100% acquisition of African Cannabis Enterprises (Pty) Limited ("ACE"), a Cannabis genetics, seed, breeding and consultancy company;

- Obtained the rights to distribute American pre-rolled hemp smokable brand, Ace & Axle, for the African continent for 10 years;
- 70% acquisition of Bio-Data (Pty) Limited, a Cannabis and medical research company conducting clinical trials for use of Cannabis in the treatment of pain, depression, cancer and sleep disorders, which has recently acquired full ethics approval from SAHPRA;
- 80% acquisition of Sweetwaters Aquaponics, a fully SAHPRA licenced cultivation facility, exporting to the global pharmaceutical market;
- Establishing the ACE Genetics Nursery for the African Cannabis Genome & Landrace Project;
- Listing on the Frankfurt Stock Exchange in December 2021; and
- Establishing international joint venture partnerships for the purposes of large scale Industrial Hemp Processing with a secure off-take framework for raw materials.

3. RESULTS

The Board of Directors of Labat Africa ("**the Board**") presents the results for the six months ended 28 February 2022. The Cannabis business is showing clear signs of improvement with the second half of the year expected to be much better than the first. There is no doubt that the diversification into the Healthcare business with a strong Cannabis focus has put severe pressure on the resources of the group. The current period continues to be a transformational period for the industry and for the company and the country. The Company began the period with the extended COVID-19 restrictions and the governments accelerated plan around the Cannabis industry which sets the stage for a totally deregulated Cannabis industry in the country.

The legalisation and subsequent creation of a new industry comes with expected challenges. Anticipating discerning consumers, supply challenges and price compression for mid to low end products, The Company took a differentiated approach from its peers. The Company measured its success beyond yield and capacity, the pursuit of excellent quality for a long-term competitive advantage is what drives Labat's business strategy.

The ability to cultivate Cannabis to a desired quality standard and specification is a foundational skill that establishes a long-term competitive advantage with wide-ranging beneficial impacts. The Company ends fiscal 2022 as one of the top "regulated brand" revenue generators in the South African Cannabis industry. Labat generated revenue with brands that are uniquely recognised and competitively positioned to operate in any regulated Cannabis environment.

4. IFRS STANDARDS AND INTERPRETATIONS

Standards and Interpretations effective and adopted during the current period

Standard/ Interpretation	Effective date: Years beginning on or after	Impact
Covid-19 Related Rent Concessions Amendment to IFRS 16	01 September 2020	The amendment did not have a material impact on the Group's Consolidated Annual Financial Statements
IAS 1 Presentation of Financial Statements – Disclosure initiative	01 January 2020	The amendment did not have a material impact on the Group's Consolidated Annual Financial Statements
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Disclosure initiative	01 January 2020	The amendment did not have a material impact on the Group's Consolidated Annual Financial Statements
IFRS 3 Business Combinations	01 January 2020	The amendment did not have a material impact on the Group's Consolidated Annual Financial Statements
IFRS 7 Financial Instruments: Disclosures	01 January 2020	The amendment did not have a material impact on the Group's Consolidated Annual Financial Statements

IFRS 9 Financial Instruments	01 January 2020	The amendment did not have a material impact on the Group's Consolidated Annual Financial Statements

Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 September 2021 or later periods:

Standard/Interpretation	Effective date: Years beginning on or after	Impact
Onerous Contracts Cost of fulfilling a Contract Amendments to IAS 37	01 January 2022	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
Property, Plant and Equipment Proceeds before Intended Use - Amendments to IAS 16	01 January 2022	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
Annual Improvement to IFRS Standards 2018 - 2020 Amendments to IFRS 9	01 January 2022	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
Classification of Liabilities as Current or Non-Current Amendment to IAS 1	01 January 2023	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
IFRS 3 Business Combinations	01 January 2022	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
IFRS 7 Financial Instruments: Disclosures	01 January 2021	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
IFRS 9 Financial Instruments	01 January 2021	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
IFRS 10 Consolidated financial statements	To be confirmed	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
IFRS 16 Leases	01 January 2021	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
AS 8 Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2023	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.

IAS 12 Income Taxes	01 January 2023	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
IAS41 Agriculture	01 January 2022	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT AT FAIR VALUE

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following non-financial assets were recognised at fair value:

	2022 R'000	2021 R'000
Plant and equipment		
Opening balance	233	450
Transferred	-	-
Depreciation	(233)	(217)
Fair value closing balance	**-**	**233**
Fair value hierarchy	Level 3	Level 3
Valuation technique	Discounted cash flow	Discounted cash flow

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUE

There has been no material change in the Group's financial risk management objectives and policies compared to those disclosed in the condensed consolidated financial results for the year ended 31 August 2021. The Group does not currently carry any assets or liabilities at fair value which required any disclosure on its fair value measurement, other than those disclosed above. The carrying value of the Group's financial instruments however approximates their fair values.

7. FINANCIAL REVIEW

The Company entered the 2022 period with a clear overall strategy and well researched acquisitions strategy and maintained a focused and disciplined approach to growth.

Statement of Comprehensive Income

- Total Revenue for the six months ended 28 February 2022 is R20.2 million. This is a reduction of R(1.2)m on the previous period's revenue of R21.4 million, representing a decline of 5.7%. The decline is mainly as a result of the delayed export of the product to the international markets and the decrease in the SAMES revenue due to the silicon chip shortages worldwide.
- Gross Margin has temporarily decreased from 49% in the prior period to 29% for the six months ended 28 February 2022. This decline is mainly as a result of the adoption of the SAMES new operating model despite lower turnover levels during the COVID period.
- Operating expenses. During the six months ended 28 February 2022, total operating expenses increased marginally to R15.5 million fromR14.9 million in the prior period. The increase in operating expenses is related to the expansion of the Cannabis business model.
- Other Income was marginal at R486k of which R251k relates to foreign exchange gains on international sales in Labat's Technology business.
- The EBITDA has reduced to (R9.2) million loss from a (R4.4) million loss in FY2021 primarily due to the increased Cannabis research and operating costs and the reduced profitability from Labat's other businesses due to the challenging economic environments that they are operating in.

- Taxation gain was mainly due to the deferred tax effect on timing differences related to the intangible assets as well as capitalisation of development costs.
- (Loss) per share for the six months is (4.3) cents per share compared to the prior period (loss) per share of (4.5) cents. The headline (loss) per share improved to (4.3) cents from a loss of (4.5) cents per share in the prior period.

Statement of Financial Position

- Property, plant and equipment decreased by R118k during the year, mostly as a result of normal depreciation charges.
- The right of use assets recorded an increase of R995k which was mainly because of the increase in value on the new lease agreements concluded.
- Intangible assets decreased by a nett R13.7 million which was mainly due to an amortisation of intangibles charge of R14.5 million to the statement of comprehensive income.
- Deferred taxation assets increased over the previous period as a result of the movement in provisions for losses in SAMES.
- Inventories increased by a nett R49k because of increased inventory levels at Labat Healthcare. The provision for obsolete stock for the six months was R393k in the technology business.
- Share Capital and premium increased over the previous period by R7.2 million as a result of shares issued for cash and the acquisition of Echo Life.
- Deferred taxation liability decreased by R4.0 million as result of the utilisation of the liability relating to the amortisation of the intangible assets.
- The deferred revenue of R2.5 million relates to the licence period of the CannAfrica franchise model.
- The increase in taxation is related to the VAT receivable from SARS. The group is still in a net tax receivable position and discussions are on-going with SARS to conclude on these matters. More details are described in the Taxation note below.
- Net asset value per share for the six months decreased to 18.1 cents, compared to 21.1 cents at 31 August 2021. The decrease is mainly as a result of the amortisation of intangible assets.
- Net tangible assets per share at 28 February 2022 reduced to a negative of (3.3) cents from a negative of (3.1) cents at 31 August 2021.

For the period ending 28 February 2022, the Company assessed whether there were events or changes in circumstances that would indicate that a Cash Generating Unit ("CGU") or group of CGUs were impaired. The Company considers external and internal factors, including overall financial performance and relevant entity specific factors, as part of this assessment.

As the Cannabis operating segment comprises various CGUs, management tested the individual CGUs for impairment. The recoverable amount of all CGUs was determined based on the value in use ("VIU") method using level 2 and level 3 inputs that were ultimately determined to be market participant assumptions. The recoverable amount for all CGUs is valued using a discounted cash flow ("DCF") model, a variation of the income approach, and is corroborated with value indicators from certain market approaches, specifically the publicly traded guideline company method and the comparable transaction method. For the six months ended 28 February 2022, there were no impairment indicators.

8. HEADLINE EARNINGS RECONCILIATION

The headline earnings reconciliation is set out below:

R'000	28 February 2022 Unaudited	28 February 2021 Reviewed
Basic/Headline (loss) attributable to shareholders of the Group	**(21 003)**	**(17 538)**
Share information		
Basic (loss)/earnings per share (cents)	(4.3)	(4.5)
Headline (loss) per share (cents)	(4.3)	(4.5)
Diluted basic (loss) per share (cents)	(4.3)	(4.5)
Diluted headline (loss) per share (cents)	(4.3)	(4.5)
Weighted average shares in issue ('000)	483 264	391 287
Number of shares in issue at period end (net of treasury shares)	507 730	414 474

There are a total number of 900k shares that are Potential Ordinary Shares (POS) as a consequence of a share put liability resulting from the purchase of Ace Genetics.

9. GOODWILL

Figures in Rands	**28-Feb-22**	**31-Aug-21**	**28-Feb-21**
Balance at the beginning of the period	-	7 592	-
Additions through business combinations	1 968	-	7592
Reclassification to intangible assets	-	(7 592)	-
Total goodwill at the end of the period	**1 968**	**-**	**7 592**

Goodwill Impairment

Impairment testing
For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable value:

Goodwill allocated to operating segments

	28 February 2022 Reviewed R'000	**31 August 2021 Audited R'000**	**29 February 2021 unaudited Reviewed R'000**
Ace Genetics CGU	-	-	133
Biodata CGU	-	-	7 459
Force Fuel CGU	-	-	-
Echo Life	1 968	-	-
Total Goodwill allocated to operating segments	**1 968**	**-**	**7 592**

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed three-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment. There were no impairment indicators identified and therefore there was no need for an impairment loss provision.

10. PROPERTY, PLANT AND EQUIPMENT:

There were additions amounting to R 457k (2021: R 22 k) during the period under review.

11. RIGHT OF USE ASSETS:

The right of use assets of R 6.9 million (2021: R 7.9 million) are mainly for the IFRS 16 recognition of office leases and motor vehicles. Assets acquired during the year via leases were R nil (2021: R 3.0 million).

12. BUSINESS COMBINATIONS

During the period under review, the Company acquired Echo Life (Pty) Ltd. The company was acquired for R2.5 million, settled through a cash payment of R500 000 and the issue of 2 million shares at R1.00 per share, with effect from 17 November 2021

The acquisition of Echo Life greatly complements the Healthcare retail business through its unique range of product offering. The products will be marketed and sold through the CannAfrica retail stores as well as the Labat online retail platform.

The investment in Echo Life was accounted for at fair value of the consideration payable. The business combination is disclosed below:

Figures in R'000	Echo Life (Pty) Ltd
Inventory	449
Other financial assets	21
Trade and other receivables	175
Cash and cash equivalents	82
Other financial liabilities	(173)
Trade and other payables	(22)
Total identifiable net assets/(liabilities)	**532**
Non-controlling interest	-
Goodwill	1 968
Purchase consideration	**2 500**

Settled as follows:

- **Cash consideration**	**(500)**
- **Share issue**	**(2 000)**

The contribution to the trading results of the Group of businesses acquired has been accounted for from the effective date of the acquisitions. In determining the purchase consideration payable, the profit history of the relevant business and its growth prospects within the Group, are considered.

The fair value of shares issued as part of the purchase price was determined based on the third party acceptance of the value of the Labat Africa shares at the effective date. The accounting of these subsidiaries and businesses is based on best estimates and provisional fair values. Goodwill relates primarily to future profits of these businesses and the anticipated synergies that the businesses bring to the Group. There were no disposals during the period under review.

The accounting of these business combinations is based on best estimates and provisional fair values.

The Group has not yet completed its assessment of the fair value of all identifiable assets, liabilities, and/or contingent liabilities. The fair values will be accurately determined within 12 months from the date of acquisition.

13. INTANGIBLE ASSETS

	2022			2021		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Total	**167 405**	**(64 774)**	**102 631**	**166 616**	**(50 268)**	**116 348**

Additions to internally developed intangible assets include capitalised costs of R0.8 million (2021: R1.5 million). No impairment loss was recognised in the current year.

The intangible assets include:

- Contractual and non-contractual client relationships;
- Intellectual Property ("IP");
- Integrated circuits
- Site Master Plan;
- Brands;
- E-commerce system; and
- Product and strain development.

Amortisation of intangibles assets
Intangible assets have been amortized at the rates stipulated in the accounting policy. The current period amortisation was R14.5 million (Feb21: R12.9 million).

Pledged as security
No intangible assets were pledged as security.

Contractual commitments
The Group has no contractual commitments for the acquisition of intangible assets.

14. VALUATION OF INTANGIBLE ASSETS

Intangible assets are the creative assets of any new business. They include assets such as:

The brand, network and relationships, customer contacts, IP including trade secrets, Research and Development (R&D), trademarks, copyright, patents, and "Goodwill".

Intangible assets account for over 80% of the value of companies in S&P 500. A typical example is Coca-Cola where most of the value lies in the brand and other intangible assets. This value is not replicated in their balance sheet. Intangible assets are the primary drivers of profitability and growth and are the most critical assets that such companies invest in. Some intangible assets are acquired but most are created internally by own investment.

Start-up businesses, particularly in new industries such as in the Cannabis/Hemp industries have to invest heavily in these assets in order to get the business off the ground. They cannot create such value overnight. A classic example is Tesla which was a start-up in a completely new industry. It took them 18 years to reach profitability. Labat are following the same path but do not expect to take that long to break-even and the Company is projecting to generate profits during the course of the next year.

Despite the substantial value being created/acquired current accounting and reporting standards (IFRS) ignore the value of these essential assets and therefore severely underestimate the intrinsic value of these assets. These valuable assets have to be amortised at the very time when they are increasing substantially in value rather than decreasing in value.

15. TAXATION

	28 February 2022 Unaudited R'000	31 August 2021 Audited R'000
Current tax assets	52 897	52 624
Current liabilities	(35 121)	(32 837)
Net tax asset/(liability)	**17 776**	**19 787**

Taxation consists of significant individual tax related assets and liabilities receivable and payable by the group in terms of the Income Tax and VAT Act. Due to the significance of these balances, they have been disclosed separately within the consolidated financial statements. The nature of these accounts relates mostly to disputes with SARS surrounding outstanding VAT receivables and VAT payable by/to the group and the payment of employee related income tax.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group is still in a net tax receivable position and discussions are ongoing with SARS to conclude on these matters. Judgement was used by management, based on information provided by legal counsel, when determining the amounts that would be recoverable from SARS regarding the VAT recoverable.

16. INVENTORIES

	28 February 2022 Unaudited R'000	31 August 2021 Audited R'000	28 February 2021 Reviewed R'000
Work in Progress	686	1 005	858
Finished Goods	4 090	3 722	2 801
	4 776	**4 727**	**3 659**
Allowance for obsolescence	(393)	(393)	(195)
	4 383	**4 334**	**3 464**

No inventory has been pledged as security against financial liabilities.

17. REVENUE

	6 months ended 28 February 2022 Unaudited R'000	12 months ended 31 August 2021 Audited R'000	6 months ended 28 February 2021 Reviewed R'000
Revenue from contracts with customers			
Sale of goods	4 489	14 483	12 596
Rendering of services	15 686	14 786	8 807
	20 175	**29 270**	**21 403**
Disaggregation of revenue from contracts with customers The company disaggregates revenue from customers as follows:			
Sale of goods			
Information technology sales	3 712	7 632	4 357
Medical cannabis sales	777	6 852	8 239
	4 489	**14 484**	**12 596**
Rendering of services			
Bulk logistics	**15 686**	**14 786**	**8 807**
Total revenue from contracts with customers	**20 175**	**29 270**	**21 403**

18. IMPACT OF COVID-19

The Board supports the actions taken by the South African Government with regards to the COVID-19 pandemic. Our objective during this time is to support our customers whilst safeguarding our employees.

The COVID-19 pandemic and subsequent lockdown had a severe impact on Labat Africa's business, especially the fuel business that went into business rescue during the lockdown period. This has affected our employees, customers, and suppliers. The Board considered the current cash position and facilities available to the Group. Various options considering the impact of COVID-19 were discussed and assessed in terms of the Group's financial obligations.

The Group has proactively engaged with its financiers and suppliers and constructive proposals to mitigate the impact of the nationwide lockdown are being considered. With those measures implemented, Labat Africa will be able to service its obligations in the foreseeable future under the current regulations of the nationwide lockdown.

The Group is taking appropriate steps to assist with limiting the spread of the virus. The Company has implemented stringent measures to combat the spread of COVID-19 at all operations in terms of the required guidelines to ensure the well-being of all our esteemed employees.

19. LABAT HEALTHCARE RETAIL

Following the successful acquisition of SAHPRA certified Medicinal Cannabis cultivation facility, Sweetwaters Aquaponics, in March 2022, there was a need to ensure that knowledgeable and competent management were appointed immediately after Labat took over operational control on 1 March 2022.

Biodata

The Biodata research project is gaining traction and Labat has created an **online portal for patients to register** and have also made available the first dosage free of charge to entice participants to join the project. Different dosage options have been created and delivery methods to make it more cost effective for participants to join the Pharma Ethics Observational Study. To date 1 300 single gram dosages have manufactured, of which 500 have been distributed to participants. The uptake on the website has still been slow, and the Company's research shows that participants are more comfortable with going to physical sites to access the medicine. Labat believe that the CannAfrica KIOSKS opening up, will be the ideal locations for physical-sign-up-points for the study. The Company's CannAfrica KIOSKS will also serve as BIODATA Dispensaries of the medicine directly to the participants for their pain management. The Company is engaging with a number of Vape Stores to become BIODATA Dispensaries for the Study and in so doing also expand Labat's physical footprint and visibility. The latter entities (i.e. Vape Stores) are subject to inclusion criteria that has been developed, in line with SAHPRAs Pharma Ethics requirements. Management has reviewed the objectives laid out in the March 2022 Strategy Document and enhanced the strategy to achieve the objective of reaching profitable revenue per month across the brands.

Brands, Operations and Corporate Services

With the initial approach, the Company built a distinguished premium brand, a scaled cultivation facility and developed the unique regulated-industry expertise. The focused operations, at scale, will create the exceptional products that drive Labat's brands. Leading corporate services support the revenue drivers of the business.

Echo Life and CannAfrica brands

The main objective that underpins the new strategy is the aggressive rollout of corporate owned stores, some of which, will remain corporate-owned, and others, once profitable, to be migrated to franchisees, who are fully paid up in respect of franchise rights. The corporate-owned stores will take a different approach to the Melrose Arch, Hartbeespoort Dam and Cape Town stores which are larger stores with significantly higher operating costs. The Kiosk Model is being implemented in malls and larger shopping Centres and the Company is at an advanced stage of concluding a deal with the Mowana Property Group (Mowana) to open up CannAfrica Kiosks in five of their prime properties namely: Cresta Shopping Centre (Gauteng), Westgate Mall (Gauteng), Menlyn Shopping Centre (Pretoria East), Castle Walk Mall (Pretoria) and the Pavilion (Westville). The two Kiosks should be opened by the end of May with the additional three Kiosks opening by 1 July 2022. Labat has identified that, as an industry issue, there are no fully dedicated CBD stores operating in South Africa, therefore a considerable amount of time and effort has been put into further extending its product offering. The product lines which the Company will be expanding into are minor/rare cannabinoids, vapes, grow kit accessories and other paraphernalia. Th Company is also making the CannAfrica Kiosks and Retail Stores "Dispensaries" for the Biodata Research Project, for the legal dispensing of Cannabis flower, other medicines and THC products.

African Cannabis Enterprises - Ace Genetics

Following the acquisition of Sweetwaters the strategy is to set up the Ace Genetics nursery at Sweetwater Aquaponics ("SWA"), under licence, which would allow for the commercialisation of the seed business of Ace Genetics. The process is currently on track and a space at SWA has been identified to set up a breeding room for certain Genetics strains. Labat is currently in the planning phase of identifying exactly which genetic strains it should commercialise first. The planned date of transfer of all seeds and mother plants to SWA is June 2022 with seed production expected to commence on the 1 August 2022 and the Company will be going to market with its own online Commercial Seedbank immediately thereafter.

Rolling Papers

Labat is currently finalising agreements with a rolling paper specialist company that focuses on Cannabis rolling paraphernalia. The business was running informally. However there has been great traction on the brand and products with sales last year averaging 200 units per day. The business has now been improved structurally and has a focussed strategy of expanding into parts of Africa and the USA. The main challenge facing the targeted expansion Is the lack of working capital which approximates R500k for the first three months mainly for stock purchases to fulfil orders.

Labat has engaged the business partner around a possible share transaction as well as a bridging working capital facility over the first three months. The process is currently in the due diligence phase. For its year end March 2022, the company earned revenues of R1.8 million. These products are complementary products for the CannAfrica Stores.

CBD Infused drinks
As per the Company's Retail strategy, Labat is well on its way with expanding its national footprint (visibility & footfall) of retail outlets, as well as its range of branded product offerings across the various categories and product segments. A retail beverage offering is indispensable.

The beverage business is a start-up Beverages company. They were introduced to Labat Africa in 2020 in the context of an Enterprise Development initiative. Since 2020, the company has developed three recipes in collaboration with the CSIR, and have finalised their packaging and branding architecture, and have delivered a premium product, as sample drinks. The product is superior, and of a quality that the Company will want to be associated with. The company will now do their first production run, in order to show capability and test the market. A draft Term Sheet in place, to be concluded in the next phase of the Company's deliberations. It is envisaged to be a share-based deal, for 30% equity, and access to evolving Retail distribution channels.

South African Micro Electronic-Systems Proprietary Limited ("SAMES") - Labat Technology
SAMES will remain a technology hub and will also hold the healthcare divisions intellectual property, formulations, Know How, Seed banks, extraction technology, strain development and other technologies needed in complying with Good Manufacturing Practice ("GMP") standards, including European Union GMP, where applicable. Although SAMES commenced the year with growing revenues, the SAMES revenue has decreased mainly as a result of a worldwide shortage of semi-conductor chips.

Logistics business
Similarly, the logistics business will form an integral part of the Healthcare operations with both transportation and warehousing of raw material as well as final products. These are explicit requirements in respect of the GMP accreditation. Furthermore, the final product of the pharma business is expected to sell for between R800 and R1 000 for a 20ml bottle, which will need to be securely transported. The Company's marketing efforts are showing acceptable results and the Group is well positioned for growth based on work completed over the past three years. The Company continues to provide logistic services to large corporates, when and as required.

Prospects
The Board is of the view that the Group is well positioned to explore greater opportunities and use current resources to broadly diversify the Group's Healthcare strategy. In addition, the acquisition of Sweetwaters Aquaponics, acquired with effect from 1 March 2022, has led to a quantum shift in the business, enabling the export of product to overseas customers, with the initial customer in Australia ordering a second batch of flowers, following the successful testing of the THC content (26.7%) by SAHPRA.

20. GOING CONCERN

The Board has performed an assessment of the Group's operations relative to available cash resources and is confident that the Group is able to continue operating for the next 12 months. The Board remains reasonably confident that it will manage the uncertainties that exist as detailed below. The unaudited financial statements presented have therefore been prepared on a going concern basis.

The directors are currently on a targeted road show to raise additional funds, mainly to fund its expansion program in the field of manufacture of medical Cannabis and industrial hemp. This has met with some success locally, albeit slowly. Shareholders have been informed that the company is in discussions with potential investors to place shares for cash.

During the period under review, the Company also listed on the Frankfurt Stock Exchange.

The Board is of the opinion that, having regard to the current status and the future strategy and prospects of the Group, the Group has sufficient resources to continue as a going concern. The Group is projecting positive cash flows for the period ahead from its existing and new businesses.

21. CAPITAL RAISE:

Labat has embarked on an aggressive capital raise strategy to accelerate and expand its Cannabis offering both locally and abroad. The capital will be utilised to make targeted acquisitions and to grow these businesses to scale. Acquisitions will be paid for using a combination of listed shares and cash. Labat has successfully completed the dual listing of its shares on the Frankfurt Stock Exchange. This will attract foreign capital for the business and provide an exit mechanism for investors.

FRANKFURT STOCK EXCHANGE LISTING: LABAT RC-04 -18m Euros R300 million
https://www.boerse-frankfurt.de/equity/labat-africa-ltd-rc-04
Shareholders are referred to the announcement released on SENS dated 6 December 2021JSE listed Cannabis group, Labat Africa Limited (Labat), The company announced that its application to list Labat shares (Equity) on the Frankfurt Stock Exchange via a dual listing (FSE) had been approved by the Deutsche Börse in an official announcement on Friday, 3 December 2021.The shares were admitted to trading when the market opened on Monday, 6 December 2021, without restriction. An Information Memorandum ("**IM**") has been issued by Labat Africa Limited (the "**Company**") to facilitate a private placement of Labat Ordinary Shares to secure new capital of €18 million.

GRV GLOBAL LLC (LDA CAPITAL) -R300m FACILITY
https://www.ldacap.com/

Shareholders are referred to the announcement released on SENS dated 2 December 2021. The Company announced that it has signed a put option agreement ('Agreement') with GR Global Ventures LLC ('GRGV'), (LDA Capital) a United States of America ('USA') based investment group, to provide the Group with up to R300 million in committed equity capital in cash over the next 36 months. The capital comes at an opportune time for Labat Africa in line with its strategy on developing its Cannabis focused health care business. In view of the above, the company is exercising its right to place between 14 million and 28 million shares to GRV GLOBAL LLC (LDA CAPITAL). The proceeds will be utilised to expand the newly acquired Sweetwaters operation in the Eastern Cape. The business has delivered its second shipment of high quality Pharmaceutical grade Cannabis to the Australian market.

JOHANNESBURG STOCK EXCHANGE: LAB
Funding initiatives are underway to raise R100 million on the local Stock Exchange. market and a further R500 Million on the international markets. Initial international investors in the African Cannabis/Hemp industries are looking for an orderly exit as they have come to realise that operating in Africa is more complex and challenging than initially envisaged. Other international investors are looking for the right vehicle through which they can invest in the African Cannabis industry. The placement proceeds will not only accelerate Labat Healthcare projects in all aspects but will also create the much needed liquidity of the Labat share in the international Cannabis market.

22. ACQUISITIONS AND DISPOSALS

The following acquisitions were made during the period:

- Echo Life (Pty Ltd for R2.5 million, settled through a cash payment of R500 000 and the issue of 2 million shares at R1.00 per share, with effect from 17 November 2021.

These transactions are in line with the company's expansion into the healthcare and Cannabis sectors and have been fully explained in the various SENS announcements. There were no other acquisitions or disposals during the period under review but shareholders are referred to subsequent events below.

23. SHARE CAPITAL

The company issued a total of 2 000 000 shares for its business acquisition during the period under review:

- 2 000 000 shares for the acquisition of 100% of Echo Life (Pty) Ltd. The acquisition is accounted for at a fair value of R1.00 per share in accordance with IFRS 3.

During the period under review, the company also issued an additional 28 192 111 shares (Feb 21: 27 485 210 shares) under its general authority to issue shares, which authority was approved by shareholders at the company's last annual general meeting held on 16 May 2021.

There were no share repurchases effected during the year under review. However, as previously announced, the Company has an obligation to repurchase 900 000 shares at R1.00 per share in relation to the acquisition of Ace Genetics, in the event that the share price does not reach R1.00 on or before 02 December 2021.

The total number of shares in issue as at 28 February 2022 was 527 189 996 ordinary shares (Aug 21: 498 997 885 shares).

The company continues to place shares for cash under the authority to raise capital for its operations. No shares were repurchased during the period under review.

24. CHANGES TO THE BOARD

There has been no change to the Board of Labat Africa during the period under review. Subsequent to the period end Stanton van Rooyen was appointed to the board.

25. CONTINGENT LIABILITIES

Labat Africa has issued financial guarantees with various fuel suppliers for Force Fuel as follows:

	28 February 2022 R'000	31 August 2021 R'000	29 February 2021 R'000
Parent Company Guarantee exposure	54 000	54 000	54 000
Less: Liability recognised	(9 800)	(9 800)	(24 800)

- The Company has provided a cross deed of suretyship in favour of various other beneficiaries which cover the unutilised facilities granted to various subsidiaries.
- The Company has provided limited suretyship in favour of various financial institutions which covers the unutilised facilities granted to a subsidiary Institution.

26. RELATED PARTY TRANSACTIONS AND BALANCES

The Group entered into transactions with related parties which were in the ordinary course of business at market related rates, and which were consistent with the previous year and are not considered to be material to an understanding of these results.

Relationships

Shareholders with significant influence	Link Private Equity Investments Proprietary Limited Stanton van Rooyen Herschel Maasdorp Dr Shiksha Gallow Chronos Logistics Services Proprietary Limited
Subsidiaries under business rescue	Force Fuel Proprietary Limited Force Fuel Properties Proprietary Limited
Directors and members of key management	Brian van Rooyen David O'Neill Gorden Walters Herschel Maasdorp Mike Stringer (resigned 2 September 2021) Stanton van Rooyen Dawood Asmal

Related party loan balances	28 February 2022 Reviewed R'000	31 August 2021 Audited R'000
David O'Neill – unsecured, market related interest	(1 644)	(2 149)
Brian Van Rooyen – unsecured, market related interest	(50)	(50)
Dawood Asmal – unsecured	(285)	(285)
Link Private Equity Investments (Pty) Ltd - unsecured, market related interest	(2 006)	(2 006)
Herschel Maasdorp	2 741	2 698
Dr Shiksha Gallow	(162)	(162)
Remuneration liabilities relating to directors		
- Brian van Rooyen	(3 645)	(8 605)
- David O'Neil	(2 945)	(7 856)
- Gorden Walters	(773)	-
Related party transactions		
Brian van Rooyen - Finance costs to loan advanced	-	(211)
David O'Neill - Finance costs to loan advanced	(129)	(230)
Link Private Equity Investments (Pty) Ltd - Rent paid	-	600
Compensation to directors and other key management		
Short-term employee benefits	3 295	9 140

27. CONTINGENT ASSETS AND LIABILITIES

The Group has various claims and counter claims made by and against it which have arisen in the normal course of business as previously disclosed. These matters are being dealt with by the Company's attorneys. Changes to litigation have occurred since the previous corresponding period which included two judgements in favour of Labat Africa against GEM.

28. DIVIDENDS

No dividend has been declared for the period under review (February 2021: R nil).

29. LITIGATION

The Group has various claims and counter claims made by and against Labat Africa which have arisen in the normal course of business as previously disclosed. These matters are being dealt with by the company's attorneys. Changes to litigation have occurred since the previous corresponding period which included two judgements in favour of Labat Africa against GEM.

30. POST BALANCE SHEET EVENTS

Labat is currently engaged in various discussions with viable Cannabis brands in order to expand the Labat Healthcare Retail portfolio with various complimentary and partner companies:

Sweetwaters Aquaponics (SWA) Cultivation operations:
The company also acquired with effective date 1 March 2022, an 80% interest in Lima Romeo Air Proprietary Limited, known as Sweetwater, which is a fully operational SAHPRA approved medicinal Cannabis cultivation facility in Kenton-on-Sea in the Eastern Cape of South Africa. The acquisition was made for a consideration of R10 million in cash. More details relating to Sweetwater is provided in the business' operations below.

Post-acquisition, a restructuring of Management was done. Labat invested R200k in the infrastructure development of SWA in preparation for the next growing season. The first harvest at SWA was in April with an expected output of 90kg. The actual volume harvested was estimated to be 120kg. The Company has received a deposit from Pharmacann, Labat's Australian off-take partner, for 20kg (R400k) to be exported by 20 May 2022. Pharmacann has made their intentions clear that if the product is of the correct quality, the order will be recurring at 20kg per month.

The winter grow is now in full swing and is expected to be harvested at the end of July/early August (weather dependant) and a yield of 60kg from the winter harvest is expected. This year, the Company's highly sophisticated growing and cultivation facility will be scaled and expanded for the operations to include licensed extraction and R&D infrastructure. The Company intend to make careful capital investments in operating assets to diversify the business and ensure strong long-term sustainable returns.

Green Smoke Room (GSR)

Green Smoke Room is a Seed Bank established by Mr Jordyn Murcia, that has been trading in the "grey area" of Seed Production and Seed Distribution in South Africa since 2009. The company has agreements with breeders and access to seeds from some of the most reputable seed companies in the world. GSR is made up of three different business units: Green Smoke Room - Seed Bank Green Grow Room - Grow shop located in Norwood, Johannesburg, Potted - Clone Sales Company. The Green Smoke Room has a fully functional e-commerce platform as well as a physical store in Norwood, Johannesburg. However, for the business to operate and expand legally, it needs to have a SAHPRA licence. Labat is currently in the due diligence phase of the transaction to acquire a majority stake in the business for an all share deal.

The company generated R3 million in revenue for the year ended February 2022 with an operating profit of R600k, however, Mr Murcia is confident that he can increase the revenue significantly with the correct licencing. The products from the Green Smoke Room (Seeds), Green Grow Shop (Cultivation material and equipment) and Potted (Clones) will all be made available at the Company's CannAfrica stores.

31. CHANGE IN YEAR END

Shareholders are reminded that the Company has changed its year end from 31 August 2022 to 31 May 2021 and so the Company will be reporting its next results for the 9 months ended 31 May 2022 compared to the year ended 31 August 2021.

32. FORWARD LOOKING STATEMENTS

Immediate opportunities

The Group does not undertake to update any forward-looking statements and does not assume responsibility for any loss or damage, however arising, as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits or consequential loss or damage whatsoever. The auditors have not reviewed any forward looking information in this announcement

For and on behalf of the board

BG VAN ROOYEN	**GORDEN WALTERS**
CHIEF EXECUTIVE OFFICER	**FINANCIAL DIRECTOR**

31 May 2022

Directors
BG van Rooyen*, DJ O'Neill*, GRI Walters*, SE van Rooyen*, RM Majiedt^(Chairperson), R Mohamed^, BA Penny^
*Executive, ^Independent non-executive

Company Secretary:	Light Consulting Proprietary Limited
Registered Address:	23 Kroton Avenue, Weltevreden Park, 1709
Sponsor:	AcaciaCap Advisors Proprietary Limited
Transfer Secretary:	Computershare Investor Services Proprietary Limited

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