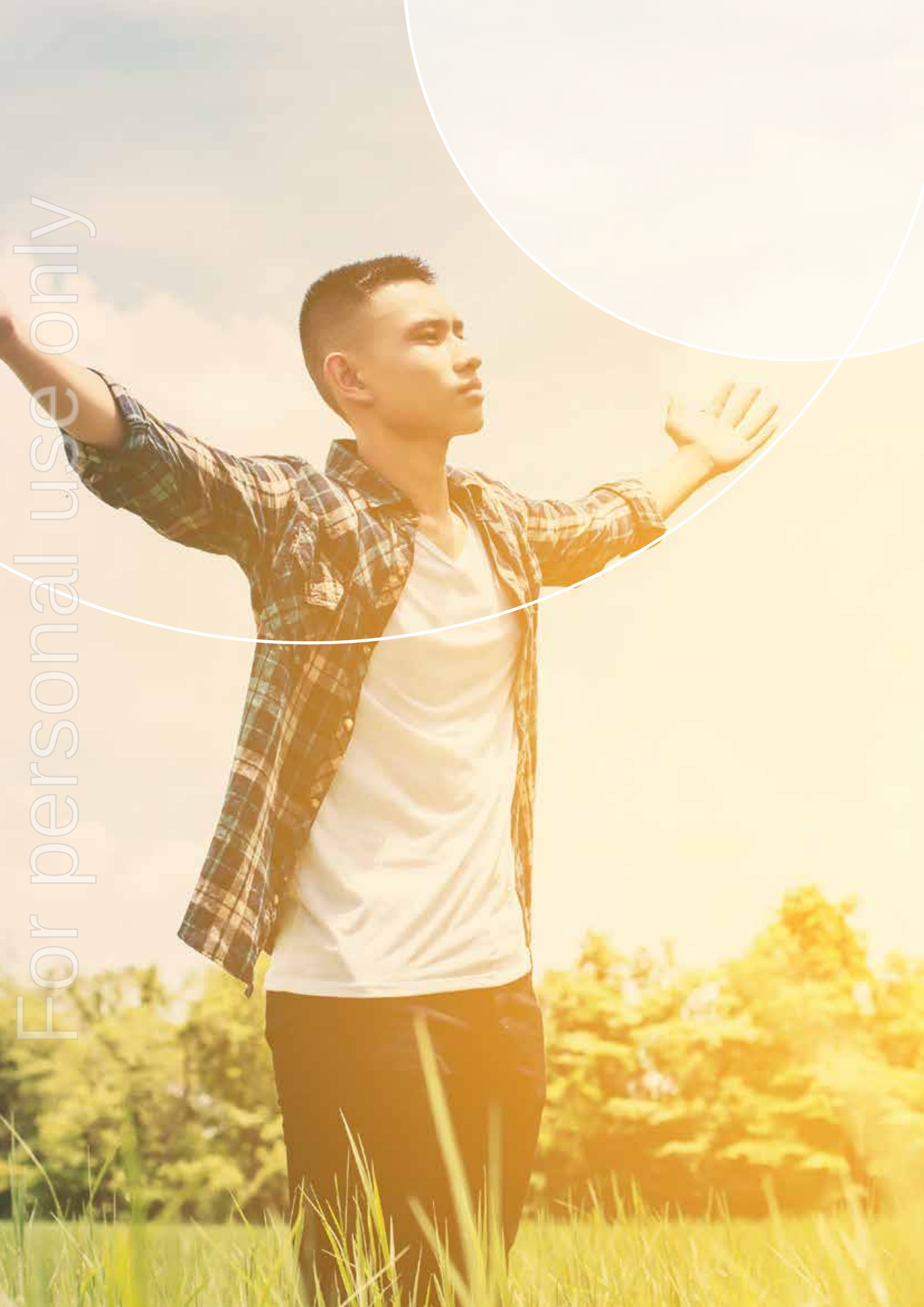
2023 ANNUAL REPORT

Zelira Therapeutics Limited

ABN 27 103 782 378



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Zelira Therapeutics Snapshot

Zelira Therapeutics Ltd (ASX:ZLD, OTCQB:ZLDAF)
Zelira is a leading global biopharmaceutical company in the research, development and commercialisation of clinically validated cannabinoid-based medicines. Zelira owns a portfolio of proprietary revenue generating products and a pipeline of candidates undergoing clinical development positioned to enter global markets. The Company is focused on developing and clinically validating branded cannabinoid-based medicines in its prescription [Rx] business for the treatment of a variety of medical conditions including insomnia, autism and chronic non-cancer pain as well as offering over the counter [OTC] products.

Zelira has established a special purpose vehicle (SPV) to conduct FDA Phase 1, Phase 2 and Phase 3 clinical trials for Zelira's proprietary and patent protected HOPE® 1. Zelira has contributed to the SPV its HOPE® 1 product, IP and real-world data for 55% equity ownership of the SPV. Cash investors will contribute a total of circa US$35 million to fund the SVP and US FDA trials for HOPE® 1 in exchange for a cumulative equity interest of 45% of the SVP. Zelira will manage the SVP as part of its business platform. The SPV has appointed iNGENū CRO Pty Ltd (iNGENū) as its Contract Research Organisation (CRO) to lead the clinical validation and regulatory registration of the study product with the US FDA through the submission of an Investigative New Drug (IND) application.

In May 2023, Zelira completed and IRB approved strategically designed multi-arm, head-to-head study targeting diabetic nerve pain. The clinical trial included a comprehensive comparison against the widely recognised and highly successful multi-billion dollar revenue-generating drug Lyrica® (Pregabalin). With the findings underscoring the exceptional efficacy of our treatments in managing pain, with ZLT-L-007 demonstrating the most substantial reduction in pain severity, particularly at the 60-day and 90-day follow-up periods.

Zelira has developed Enhanced Distillate Capture and Dissolution Matrix (EDCDM) technology under the brand name Zyraydi™, that solves the problem of non-uniformity and separation of cannabinoid from powder bed, opening new ways to develop pharmaceutical grade solid oral dosage forms such as capsules and tablets. Zelira will be assessing opportunities for commercialisation of this technology.

Zelira's Rx business generates revenue from its proprietary medication, HOPE. The Company has two proprietary formulations under the HOPE® brand that are generating revenue in Australia, Washington, D.C., Pennsylvania and Louisiana. Zelira will also be expanding commercialisation of ZENIVOL® – the world's first clinically validated cannabinoid drug for treatment of chronic insomnia into Germany via its German commercialisation partner Adjupharm GmbH following recent approval from German regulatory authority BfArM.

Zelira's OTC products in the oral and dermatology health care sectors are also generating revenue. Zelira, in partnership with SprinJeneCBD, launched a full line of oral care products, currently generating revenue in the US. Zelira also launched in 2021 the RAF FIVE™ brand, which consists of five OTC acne treatment products using a proprietary formulation incorporating cannabidiol (CBD).

Zelira Therapeutics is a global leader in the research, development and commercialisation of clinically validated cannabinoid-based medicines.

It offers investors exposure to a rapidly emerging global industry at a very attractive valuation with significant value drivers over the next 6-9 months.

World class science and clinical validation

Leading portfolio of Rx, OTC, Platform technology and pre clinical assets supported by world class science and clinical trial and real world data

Multiple revenue streams

Multiple shots on goal strategy delivering revenue from Rx, OTC and platform technology assets and clinical trial consultation.

Future revenue from pipeline assets and geographical expansion.

Platform technologies

Proprietary matrix technology solves the problem of converting cannabinoid distillate into dry powder capsules and tablets - a form of medicine most familiar to prescribers and patients world wide

Fast tracking commercialisation

Disruptive 'Launch, Learn, & Develop' model facilitates rapid commercialisation.

Patent portfolio

Major pillar of strategy to secure global patents across asset portfolios with 54 granted patents across 21 countries. We also have 104 pending patent applications across 17 countries.

Expanding global presence

Presence in USA, Australia, Germany, United Kingdom, New Zealand

Business development

Actively seeking global partners to distribute and/or license assets across the globe

Market driven, indication specific

Working with patient populations to design unique formulations for specific conditions.

Zelira's multiple shots on goal strategy is delivering multiple current revenue streams and lays a firm foundation for exponential future growth from current and pipeline assets

Current Revenue Streams

Platform technology

- Zyraydi (EDCDM)

Rx

- Insomnia
- Autism

OTC

- Dermatology
- Oral care
- Neuropathies

Clinical trial consultancy

- Pain

Future Revenue Streams

Rx

- Diabetic nerve pain
- Insomnia - tablets/capsules
- Autism - tablet/ capsules

Preclinical assets

- Diabetes
- Dementia
- Cancer - various

Business Development

- Licensing and distribution across all assets

Platform technology

- Encapsulation technology (Improved bioavailablity)

Launch, Learn & Develop Strategy in action - HOPE Case Study

Launch

Unique formulation developed with Autism community
Launched in the USA and Australia

Learn

US Real World Data study - Patient Reported Outcomes
Longitudinal real world data trial
CHOP Natural History
Clinician and patient feedback
Prescribing data
Market Research

Develop

SPV created to fund informed clinical trials
Informed FDA registration pathway
New product dosage form (capsules) in response to prescriber and patient feedback

Chairman's letter

Dear Shareholders,

On behalf of the Zelira Therapeutics Board, it is my pleasure to share with you our 2023 Annual Report.

I am immensely proud of the significant progress we have accomplished over the last 12 months, with key milestones highlighting the importance of our Launch, Learn, Develop strategy, underpinned by our 'multiple shots on goal' approach.

We entered the financial year receiving the formal approval of ZENIVOL® by BfArM in Germany, a key Launch milestone for our business, allowing us for the first time to make ZENIVOL® available to a market outside Australia. This was a fantastic achievement and testament to Zelira's expertise in quality pharmaceutical production, with Germany representing one of the largest and most highly regulated global markets for cannabinoid-based medicines.

We raised the bar under our 'Learn' phase, setting a new benchmark for clinical validation via the IRB approved diabetic nerve drug trial. For the first time, we evaluated our cannabinoid-based medicine against an established pharmaceutical frontline therapy. The findings showed that Zelira's drug materially outperformed a major multi-billion dollar Big Pharma drug, Lyrica®, as an effective treatment for diabetic nerve pain management. The transformational and compelling results highlight the magnitude of the market potential ahead of us.

This year, we have also made strategic capital management and partnership decisions to support the progression of our clinical work. We established the HOPE® 1 SPV and welcomed several new significant investors into the vehicle. This has enabled us to progress HOPE® 1 to the third and final stage of our Launch, Learn, Develop strategy for validation and commercialisation. We enter the final 'Develop' stage with a high level of confidence, having previously executed on the Launch and Learning phases, collating real-world data supporting positive safety and efficacy results.

Looking ahead, we enter the next financial year with a high level of excitement for the prospects ahead. Our Launch, Learn, Develop strategy ensures that we can accelerate our cannabinoid-based medications with a high degree of confidence, and as shown this year, our cannabinoid drugs can compete as an effective and safe medication alternative to a range of medical ailments that impact the lives of many individuals.

The fantastic year of progress would not have been achieved without the support of my fellow Board members, Zelira's senior management and employees. I want to take this opportunity to thank my fellow directors for their support and guidance over the past 12 months. I also thank the guidance and support of Ms Lisa Gray, who retired from the Board during this financial year.

I would particularly like to thank the Managing Director, and CEO, Oludare Odumosu, for his exceptional leadership. With Oludare's leadership, the company is well-positioned to continue our growth strategy.

Finally, I would like to thank the shareholders for supporting Zelira. I am sure there will be an exciting and rewarding year ahead, and I look forward to keeping you updated on our progress.

Yours sincerely,

Osagie Imasogie
Chairman

Global Managing Director & CEO's letter

Dear Shareholders,

Zelira Therapeutics Limited continued to make significant strides forward in the 2023 financial year, accelerating business growth focused on clinical validation. As a cannabinoid-based clinical research biotech firm, we are confident that the progress made to date, supported by our commitment to deliver on product development, commercialisation and licencing, is creating significant value for our business and shareholders.

Reflecting on the last 12 months, there are a number of key operational updates and highlights.

- In July 2022, ZENIVOL® received formal approval from the German regulatory authority BfArM for commercialisation by our distribution partner Adjupharm in Germany. This is a major milestone in Zelira's expansion into Germany, one of the world's largest markets for cannabinoid-based medicines, and advances the Company's global commercialisation strategy to grow our pharmaceutical (Rx) portfolio;
- In January 2023, we announced important development work transforming ZENIVOL®'s format from an oil-based formulation to a capsule formulation, a format common to the wider pharmaceutical industry. This important transition, powered by our Zyraydi™ technology, is anticipated to be completed in late 2023 or early 2024;
- In February 2023, we established the HOPE® 1 SPV to facilitate investment to fund HOPE® 1 US FDA clinical trials. On the establishment of the SPV, Zelira secured a US$8.6 million cornerstone investment from Cantheon Capital LLC, a global investor focused on the promotion of clinical trial assets with near-term catalysts. The investment in the SPV was extended in May 2023, securing an additional US$3.25 million of funding, welcoming the Forman Family Foundation and Mr. Malik Majeed as co-partners into the SPV. To date, we have a total investment of US$11.85 million, representing approximately 34% of the total US$35 million to be raised. Post year end, in August 2023, Zelira executed definitive agreements with the 2011 Forman Trust and Mr Malik Majeed, to close a first tranche of US$1.069 million out of the US$3.25 million funding for Zelira to initiate HOPE® FDA clinical trials. The additional funding has allowed us to start the formal HOPE® 1 FDA trial process, working with our CRO and partner iNGENu;
- In March 2023, Zelira raised A$1.77 million from US-based investors via a direct share placement. The funds raised provided for additional working capital requirements to support the progression of ongoing strategies across our portfolio of proprietary formulations;

- In May 2023, we were thrilled to announce the positive top-line results of the IRB-approved diabetic nerve drug trial in the United States, a significant achievement for the clinical validation of our proprietary patent-protected diabetic nerve drug treatment. The findings showed that Zelira's drug, ZLT-L-007, materially outperformed a major multi-billion dollar Big Pharma drug, Lyrica®, as an effective treatment for diabetic nerve pain management, as measured by NRS pain scores. The results also confirmed our drug to be safe and well tolerated.

The substantial progress achieved over the last 12 months could not have been possible without the unwavering support from all our key stakeholders, and I would like to extend my thanks to our committed team, engaged customers, aligned distribution partners, committed research partners and loyal shareholders. Together, we remain focused on providing clinically validated, safe and efficacious medications to patients in need across several therapeutic areas.

On behalf of Zelira, I would like to thank our shareholders for their ongoing support and look forward to continuing to grow our business and reporting on developments over the next 12 months.

Yours sincerely,

Oludare Odumosu
Global Managing Director & CEO

Your directors present their report on Zelira Therapeutics Limited (**Zelira** or **the Company**) and the group comprising of the Company and its controlled entities (**the Group**) for the financial year ended 30 June 2023.

Directors

The names of the directors who held office during or since the end of the year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated:

Osagie Imasogie	Chairman
Oludare Odumosu	Managing Director
Tim Slate	Non-Executive Director
Greg Blake	Executive Director (appointed 20 February 2023)
Dr Donna Gentile O'Donnell	Non-Executive Director (appointed 1 June 2023)
Lisa Gray	Non-Executive Director (resigned 31 May 2023)

Details on the background and qualifications of directors is contained elsewhere in this report.

Company Secretary

Tim Slate

Mr. Tim Slate was appointed as Company Secretary on 20 October 2016 and as a Non-Executive Director on 31 January 2022. Mr. Slate has a Bachelor of Commerce from the University of Western Australia, is a Chartered Accountant, is an Associate Member of the Governance Institute of Australia and is a Graduate of the Australian Institute of Company Directors. Mr. Slate provides accounting and secretarial advice to private and public companies. Mr Slate has over 15 years' experience in chartered accounting.

Principal Activities

Zelira is a leading global biopharmaceutical company in the research, development and commercialisation of clinically validated cannabinoid-based medicines. Additional information about the Group's principal activities is detailed in the Company overview on page 5.

Results

A summary of the operating results for the year ended 30 June 2023 is as follows:

- Loss after tax was $6,268,732 representing a 49.5% decrease on FY2022 ($12,413,518). The loss mainly reflects the research and development activities of the Group as well as employee and administration costs.
- Net cash outflow from operating activities was $7,249,078 representing an 23% decrease on FY2022 ($9,427,224).

The table below sets out summary information about the Group's earnings and movement in shareholder wealth for the five years to 30 June 2023.

		30 June 2023	30 June 2022	30 June 2021	30 June 2020	30 June 2019
EBITDA[1]	$	(5,646,981)	(11,824,975)	(8,074,824)	(6,740,368)	(3,657,941)
Net loss before tax	$	(6,268,732)	(12,413,518)	(8,549,079)	(7,015,045)	(3,567,802)
Net loss after tax	$	(6,268,732)	(12,413,518)	(8,549,079)	(7,015,045)	(3,567,802)
Share price at start of year[2]	$	0.97	4.3	4.3	4.0	9.0
Share price at end of year[2]	$	1.54	0.97	4.3	4.3	4.0
Basic loss per share (cents per share) [2]	cps	(62.26)	(154.35)	(0.73)	(0.83)	(0.47)
Diluted loss per share (cents per share) [2]	cps	(62.26)	(154.35)	(0.73)	(0.83)	(0.47)
Return on Capital	cps	(0.18)	(0.29)	(0.23)	(0.27)	(0.26)

Note 1: EBITDA is a non-IFRS measure which represents earnings before interest, tax, depreciation and amortisation.

Note 2: At a General Meeting held on 12 April 2022, shareholders approved that the issued capital of the Company be consolidated on the basis that every 175 shares be consolidated into one share. The record date for the consolidation was 19 April 2022.

		30 June 2023	30 June 2022	30 June 2021	30 June 2020	30 June 2019
						$
Net loss after tax	$	(6,268,732)	(12,413,518)	(8,549,079)	(7,015,045)	(3,567,802)
Interest	$	76,527	-	-	(374)	90,139
Depreciation and amortisation	$	545,224	588,543	474,255	275,051	-
EBITDA[1]	$	(5,646,981)	(11,824,975)	(8,074,824)	(6,740,368)	(3,657,941)

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Review of Operations

There were several significant events and achievements made by Zelira throughout the 2023 financial year, delivering positive progress on clinical validation underpinned by the Company's Launch, Learn, Develop strategy and growth ambitions:

Launch Events and Achievements:

1. Received formal approval from the German regulatory authority BfArM for ZENIVOL®

In July 2022, Zelira received formal approval from the German regulatory authority BfArM (The Federal Institute for Drugs and Medical Devices Bundesinstitut für Arzneimittel und Medizinprodukte) via its German commercialisation partner Adjupharm GmbH (Adjupharm) for Zenivol®. The approval was a necessary and a major milestone for Zelira to enter Germany, one of the world's largest markets for cannabinoid-based medicines and Europe's largest market, via a 5-year exclusive distribution agreement with Adjupharm. The approval enables the expansion of the availability of ZENIVOL®, Zelira's clinically validated cannabinoid-based insomnia medication, beyond Australia.

Learn and Develop Events and Achievements:

2. Zelira completed enrolments for the IRB approved diabetic nerve pain drug trial and received top-line trial results, which demonstrated Zelira's ZLT-L-007 patent product outperformed Big Pharmaceutical drug Lyrica®

Throughout the year ended 30 June 2023, Zelira successfully completed the enrolments in the IRB approved clinical trial for diabetic nerve pain, first announced on 12 July 2021. The successful enrolment progression was announced with two-thirds of patients enrolled by mid-September 2022 and full enrolment achieved in mid-November 2022.

The trial was designed and approved as a multi-arm, head-to-head study against a major Big Pharmaceutical company's multibillion-dollar revenue drug (Lyrica®), using Zelira's proprietary, patent protected product (ZLT-L-007).

In May 2023, Zelira announced the top-line trial results demonstrating ZLT-L-007 outperformed Lyrica®, achieving a significant reduction in NRS pain scores, indicating a decrease in symptom severity. ZLT-L-007 was found to be safe and well-tolerated, meeting the primary endpoint for safety with no Serious Adverse Events (SAE). The study also met secondary endpoints, including significant decreases in Visual Analog Scale (VAS) and short form McGill scores, among others.

3. Zelira commenced development work to change ZENIVOL® from an oil-based formulation to capsule formulation powered by Zyraydi™ technology

In January 2023, Zelira advised that the Company would be discontinuing ZENIVOL® in its current oil-based formulation whilst it completes important development work to reintroduce ZENIVOL® in a capsule formulation, a format common to the wider pharmaceutical industry. This important transition is anticipated to be completed mid to late 2024.

Corporate

4. Settlement of Health House loan via receipt of partial cash payments and Creso Shares

Throughout the financial year, Zelira received full settlement of the $1,500,000 Health House working capital loan.

Total repayments equated to $1,750,000 consisting of:

- $400,000 cash received on 8 September 2022;
- $550,000 cash received 21 November 2022; and
- Shares in Melodiol Global Health Limited (formerly Creso Pharma Limited) received on 10 January 2023 being valued at $800,000.

5. Zelira Received $1.14 million cash R&D Tax Incentive

In January 2023, Zelira received a $1,142,797 cash refund under the Federal Government's Research and Development Tax Incentive Scheme. The R&D Tax Incentive Scheme is an Australian Government program under which companies receive cash refunds for 43.5% of eligible expenditure on research and development. The funds were allocated to working capital purposes to accelerate Zelira's clinical and product development programs and supporting business operations.

6. Established special purpose vehicle (SPV) for HOPE® 1 to facilitate investment to fund HOPE® 1 US FDA clinical trials and secured a total of US$11.85 million of funding

In February 2023, Zelira established HOPE® 1 SPV to facilitate investment to fund HOPE® 1 US FDA clinical trials.

Zelira will provide to the SPV its HOPE® 1 product, IP and real-world data for 55% equity ownership of the SPV. Cash investors will contribute to the SPV a total of circa US$35 million to fund HOPE ® 1 US FDA trials in exchange for a cumulative SPV equity interest of 45%. Zelira manages the SPV as part of its business platform.

On establishment of the SPV, Zelira negotiated via a binding terms sheet for a US$8.6 million cornerstone investment from Cantheon Capital LLC (Cantheon), a global investor focused on the promotion of clinical trial assets with near term catalysts. Cantheon's investment represents approximately 25% of the total US$35 million US FDA trial cost to be raised for the SPV.

In May 2023, Zelira negotiated via a binding terms sheet for an additional US$3.25 million investment in HOPE® 1 SPV, welcoming the 2011 Forman Trust and Mr Malik Majeed as co-partners in the SPV and bringing total investment to US$11.85 million, representing approximately 34% of the total US$35 million to be raised.

Post year end, Zelira executed definitive agreements with the 2011 Forman Trust and Mr Malik Majeed, to close a first tranche of US$1.069 million out of the US$3.25 million funding for Zelira to initiate HOPE® FDA clinical trials, with the funds being received by the SPV in August 2023.

The SPV has appointed iNGENū CRO Pty Ltd (iNGENū), a specialist cannabinoid Contract Research Organisation (CRO) and FDA experienced company, as its CRO to lead the clinical validation and regulatory registration of the study product with the US FDA. Zelira appointed SW4 Advisors Limited (SW4 Partners) to assist with raising the investment capital into the SPV.

7. Zelira raised A$1.77 million from US-based investors

In March 2023, Zelira raised A$1.77 million from US based investors via a placement of 1,770,039 fully paid ordinary shares at A$1.00 per share.

The funds raised were used to provide additional working capital for Zelira to further progress its ongoing 'multiple shots on goal' strategy for its proprietary formulas, such as HOPE® 1, through formal FDA clinical trials.

8. Board Appointments

In February 2023, Mr Greg Blake was promoted from Vice President, Global Head of Commercial and Partnering to Executive Director, effective 20 February 2023. Greg brings extensive commercial and operational leadership experience in the pharmaceutical and biotech sectors both within Australia and internationally.

In May 2023, Dr. Donna Gentile O'Donnell was appointed as Non-Executive Director, effective 1 June 2023. Dr O'Donnell brings extensive and diverse experience in health care, life sciences and public health. The appointment followed the resignation of Ms. Lisa Gray as Non-Executive Director.

Material Business Risks

(a) Risk of adverse publicity

The clinical trials being undertaken by Zelira involve the use of controlled substances and their regulatory approval may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, its products. These pressures could also limit or restrict the introduction and marketing of its products. Adverse publicity from cannabis misuse or adverse side effects from cannabis or other cannabinoid products may adversely affect the commercial success or market penetration achievable by the Company's products.

The nature of Zelira's business attracts a high level of public and media interest, and in the event of any resultant adverse publicity, its reputation may be harmed.

(b) Risks associated with clinical trials

Clinical trials are expensive, time consuming and difficult to design and implement. Even if the results of the Company's clinical trials are favourable, the clinical trials for a number of the Company's product candidates are expected to continue for several years and may take significantly longer to complete. In addition, regulatory authorities, including state and local, may suspend, delay or terminate the clinical trials at any time, or suspend or terminate the registrations and quota allotments the Company requires in order to procure and handle controlled substances, for various reasons, including:

i. lack of effectiveness of any product candidate during clinical trials;
ii. discovery of serious or unexpected toxicities or side effects experienced by trial participants or other safety issues;
iii. slower than expected rates of subject recruitment and enrolment rates in clinical trials;
iv. difficulty in retaining subjects who have initiated a clinical trial but may withdraw at any time due to adverse side effects from the therapy, insufficient efficacy, fatigue with the clinical trial process or for any other reason;
v. delays or inability in manufacturing or obtaining sufficient quantities of materials for use in clinical trials due to regulatory and manufacturing constraints;
vi. inadequacy of or changes in the Company's manufacturing process or product formulation;
vii. delays in obtaining regulatory authorisation to commence a trial, including «clinical holds» or delays requiring suspension or termination of a trial by a regulatory agency before or after a trial is commenced;

viii. changes in applicable regulatory policies and regulations;

ix. delays or failure in reaching agreement on acceptable terms in clinical trial contracts or protocols with prospective clinical trial sites;

x. delay or failure to supply product for use in clinical trials which conforms to regulatory specification;

xi. unfavourable results from ongoing pre-clinical studies and clinical trials;

xii. failure of the Company's contract research organisations (CROs), or other third-party contractors to comply with all contractual requirements or to perform their services in a timely or acceptable manner;

xiii. failure by the Company, its employees, CROs or their employees to comply with all applicable regulatory requirements relating to the conduct of clinical trials or the handling, storage, security and recordkeeping for controlled substances;

xiv. scheduling conflicts with participating clinicians and clinical institutions; or

xv. failure to design appropriate clinical trial protocols; or regulatory concerns with cannabinoid products generally and the potential for abuse.

Any of the above could have a material adverse effect on the Company's business, results of operations and financial conditions.

In addition, even if the Company views the results of a clinical trial to be positive, the Food and Drug Administration or other regulatory authorities may disagree with the Company's interpretation of the data.

(c) Risk of adverse events or other safety risks

If any of Zelira's products, prior to or after any approval for commercial sale, cause serious or unexpected side effects, or are associated with other safety risks such as misuse, abuse or diversion, a number of potentially significant negative consequences could result, including:

i. regulatory authorities may interrupt, delay or halt clinical trials or sale of those products;

ii. regulatory authorities may withdraw their approval, or require more onerous labelling statements for any product that is approved;

iii. Zelira could be sued and held liable for harm caused to patients; or

iv. Zelira's reputation may suffer.

Zelira may voluntarily suspend or terminate its clinical trials or sale of products if at any time it believes that they present an unacceptable risk to participants or if preliminary data demonstrate that its products or product candidates are unlikely to receive regulatory approval or unlikely to be successfully commercialised.

(d) Loss of key relationships

The medicinal cannabis industry is undergoing rapid growth and substantial change, which has resulted in increasing consolidation and formation of strategic relationships. Zelira expects this consolidation and strategic partnering to continue. Acquisitions or other consolidating transactions could harm Zelira in a number of ways, including:

i. Zelira could lose strategic relationships if third parties with whom it has arrangements (including the Complutense University Madrid in Spain and Curtin University, Telethon Kids Institute and CannPal Pty Ltd in Australia) are acquired by or enter into relationships with a competitor (which could cause Zelira to lose access to distribution, content, technology and other resources);

ii. the relationship between Zelira and such third parties may deteriorate and cause an adverse effect on its business; and

iii. Zelira's current competitors could become stronger, or new competitors could form, from consolidations.

Any of these events could put Zelira at a competitive disadvantage, which could cause Zelira to lose research facilities or access to technology. Consolidation could also force Zelira to expend greater resources to meet new or additional competitive threats, which could also harm Zelira's results.

(e) Protection of proprietary technology

Zelira's success will depend, in part, on its ability to obtain patents, protect its trade secrets and operate without infringing on the proprietary rights of others. Zelira relies upon a combination of patents, trade secret protection (i.e., know how), and confidentiality agreements to protect the intellectual property.

If Zelira fails to adequately protect its intellectual property, it may face competition from companies who attempt to create a generic product to compete with its proposed products. Zelira may also face competition from

companies who develop a substantially similar product to one of its products or proposed products.

Many companies have encountered significant problems in protecting and enforcing intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents and other intellectual property rights, particularly those relating to pharmaceuticals, which could make it difficult for Zelira to stop the infringement of its patents or marketing of competing products in violation of its proprietary rights generally. Proceedings to enforce intellectual property rights in foreign jurisdictions could result in substantial cost and divert Zelira's efforts and attention from other aspects of its business.

Patents

The strengths of patents in the pharmaceutical field involve complex legal and scientific questions and can be uncertain. Where appropriate, Zelira will seek patent protection for certain aspects of its products and technology.

Filing, prosecuting and defending patents throughout the world would be prohibitively expensive, so Zelira's policy is to patent commercially potential technology in jurisdictions with significant commercial opportunities. However, patent protection may not be available for some of the products or technology to be developed.

If Zelira must spend significant time and money protecting or enforcing its patents, designing around patents held by others or licensing, potentially for large fees, patents or other proprietary rights held by others, Zelira's business, results of operations and financial condition may be harmed. Zelira may not develop additional proprietary products that are patentable.

Furthermore, others may independently develop similar products, may duplicate Zelira's products, or may design around Zelira's patent rights. In addition, issued patents may be declared invalid.

Trade secrets

Trade secrets are difficult to protect. Zelira relies in part on confidentiality agreements with its employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect its trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorised disclosure of confidential information.

In addition, others may independently discover Zelira's trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of Zelira's proprietary rights. Failure to obtain or maintain trade secret protection, or failure to adequately protect Zelira's intellectual property, could enable competitors to develop generic products or use Zelira's proprietary information to develop other products that compete with Zelira's products or cause additional, material adverse effects upon Zelira's business, results of operations and financial condition.

Significant Changes in State of Affairs

Significant changes in the state of affairs of the Company during the financial year are detailed under Review of Operations.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or in the financial report.

After Balance Date Events

On 17 August 2023, Zelira announced execution of the first definitive agreement for the HOPE-SPV funding of a US$3.25 million commitment. The key terms of the agreement is as follows:

Issuer	Zelira – Hope1, LLC
Securities	Convertible note – convertible into common stock at the purchaser's election
Note Amount	US$3,250,000: • Phase 1/2: US$1,888,000 • Phase 3/4 US$1,362,000
Note Interest Rate	10% paid in cash annually in arrears
Note Term	12 month each
Origination Fee	0.5%
Note Security	The Notes will be secured by a first ranking security over the assets of the SPV
Conditions of draw down	The remaining funds will draw down funds upon the achievement of the below milestones: • Execution of definitive agreements (achieved) • Enrolment of first patient (FPI) for either its Phase 1 or 2 Clinical Trial • Commencement its Phase 3 Clinical Trial • Enrolment of first patient (FPI) for its Phase 3 Clinical Trial
Use of funds	Zelira agrees to perform HOPE Phase 1/2 ($17,690,400) & Phase 3 ($14,067,200) clinical trials, exclusively with iNGENū CRO.
Convertibility Option	At the Purchasers' election during the term of the Convertible Note, the Purchasers may convert a portion or all their Convertible Note into a cumulative maximum of 4.23% of shares of the SPV's common stock (the "Conversion").
Conversion Terms	The Convertible Note converts on a fixed ratio per USD drawn down and the conversion price (the "Conversion Price") will be undertaken with no discount to the value in the SPV. Zelira holds 55% of the SPV and the cash investors with a cumulative investment of $34,557,600 shall hold 45% of the SPV.

The first tranche of US$1.069 million from the 2011 Forman Trust and Mr Malik Majeed was received on 17 August 2023.

Other than disclosed above, there are no events of a material nature or transaction, that have arisen since year end and up to the date of this report that have significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs, in future years.

Future Developments

Zelira is committed to delivering on the 'multiple shots on goal' growth strategy across multiple products, distribution channels and geographies.

Clinical validation and product development remains core to Zelira's growth plans. Zelira will be focused on its clinical activities to develop and evaluate the efficacy, safety and tolerability of its proprietary formulations and products.

FDA clinical trials will be an important step for two key patent protected products. First, via the establishment of the HOPE®1 SPV, Zelira has successfully gained the resources to start the FDA clinical trials for HOPE® 1, patent protected autism treatment. In addition, following the receipt of the top-line results from the IRB approved diabetic drug trial, Zelira is now in a position to evaluate the further progression of ZLT-L-009 into formal FDA clinical trials.

Having gained access to a key additional market in financial year 2023, Germany, Zelira is focused on extending market penetration of products already in market as well as further commercialisation of new products.

Meetings of Directors

The number of directors' meetings (including committees) held during the financial year and the number of meetings attended by each director are:

Directors' Meetings		
Director	**Eligible**	**Attended**
Osagie Imasogie	7	7
Oludare Odumosu	7	7
Tim Slate	7	7
Greg Blake	4	4
Donna Gentile O'Donnell	1	1
Lisa Gray	6	6

Information on Directors

Osagie Imasogie	
Appointed	2 December 2019
Qualifications	Post-graduate degrees from the University of Pennsylvania Law School and the London School of Economics. Trustee of the University of Pennsylvania, a member of the Executive Committee and former Chairman of the Budget & Finance Committee of the University. Chairman of the Board of the University of Pennsylvania Law School - Adjunct Professor of Law.
Experience	Mr Osagie Imasogie has over 30 years of experience in the fields of law, finance, business management, healthcare and the pharmaceutical industry. He is a co-founder and the Senior Managing Partner of PIPV Capital, a Private Equity Firm that is focused on the Life Sciences vertical. Prior to co-founding PIPV Capital, Osagie conceptualised and established GlaxoSmithKline Ventures and was its founding Vice President. Mr. Imasogie has held senior legal, commercial and R&D positions within pharmaceutical companies such as GSK, SmithKline, DuPont. Osagie has also been a Price Waterhouse Corporate Finance Partner as well as a practicing attorney with a leading US Law Firm.
Interest in Shares	428,883
Interest in Options	-
Interest in Performance Rights	335,093 Class B Performance Rights

Dr Oludare Odumosu	
Appointed	2 December 2019
Qualifications	PhD in Biochemistry and a Master's in Public Health-Epidemiology and Biostatistics from the Loma Linda University School of Medicine and School of Public Health in Loma Linda, California. BS in Biology from Calvin College in Grand Rapids, Michigan. World Bank Institute Certified public health professional.
Experience	With over 10 years in corporate pharmaceutical business development, strategy & operational leadership including alliance management, Dr. Odumosu brings a unique combination of experiences from several academic, public health and life science organisations. In his recent role as Ilera Healthcare's first Chief Operating Officer, Dr Odumosu led the design, implementation and management of Ilera's business operation's post license award in 2017 through successful, market entry, product commercialisation to profitability in 2018. He was also responsible for oversight and management of day to day operation of Ilera's vertically integrated grow/processor, wholesale and dispensary. In the same capacity, He led the formulation of Ilera proprietary cannabinoid-based product. His transition to Chief Scientific Officer/EVP Pharmaceutical Division resulted in a series of product development partnerships and the successful creation of Ilera Therapeutics.
Interest in Shares	131,766
Interest in Options	-
Interest in Performance Rights	100,333 Class B Performance Rights

Tim Slate	
Appointed	31 January 2022
Qualifications	Bachelor of Commerce (University of Western Australia) Chartered Accountant Associate Member, Governance Institute of Australia Graduate, Australian Institute of Company Directors
Experience	Mr Tim Slate provides accounting and secretarial advice to private and public companies. Mr Slate has over 15 years' experience in chartered accounting.
Interest in Shares	7,881
Interest in Options	-
Interest in Performance Rights	-

Greg Blake	
Appointed	20 February 2023
Qualifications	Master of Business Administration (ThePower MBA - Global) ISPOR EU Health Economic Assessments and Evaluations Course Macquarie Graduate School of Management Short Courses – 'Market Research' and 'Marketing - Social Media' (2009) Associate of Science – Salt Lake Community College, USA MCIA (Medicinal Cannabis Industry Australia) - Member of 'Standards Industry Working Group'
Experience	Mr Blake has led the strategic development and commercialisation of a number of products across a range of therapeutic categories. Throughout his near 20 years working in healthcare Greg has built a solid foundation of knowledge across marketing and the entire commercial value chain. His work with Rhythm Biosciences as General Manager led the company through the establishment of the pre-launch critical pathway and commercialisation planning for both domestic and international markets. As Marketing Lead (Europe) with Mundipharma International, Greg successfully led 26 European countries through the pre-launch and launch phases for a novel pain medication. Greg has held leadership roles at large multinationals (J&J and CSL) and publicly-listed biotech start-ups.
Interest in Shares	-
Interest in Options	-
Interest in Performance Rights	-

Dr Donna Gentile O'Donnell	
Appointed	2 December 2019
Qualifications	University of Pennsylvania, Ph.D., Dissertation, "The Closure of Philadelphia General Hospital" Villanova University, MSN Gwynedd–Mercy College BSN, (minor in English literature) Community College of Rhode Island, ASN
Experience	Dr. O'Donnell served as Special Assistant to the President, Dr. Stephen K Klasko, and is Senior Vice President for Innovation Partnerships and Programs at Thomas Jefferson University. Donna has led a diverse and successful career in health care, life sciences and public service concentrated in the Greater Philadelphia area. Donna was formerly a principal with O'Donnell Associates, her clients included non-profit organisations, universities, and life science companies, including Cephalon Pharmaceuticals. She was previously the managing director of the Eastern Technology Council for nine years. There, she played a significant role in developing and creating BioAdvance, a state entity designed to grow the life sciences industry in Southeastern Pennsylvania, as well as many other key life science initiatives. She was a special limited partner in PA Early Stage Partners. As former president of Franklin Health Trust, Dr. O'Donnell was instrumental in leading the negotiations for the merger of $50 million of the foundation's assets into the Drexel University College of Medicine. She served as Deputy Health Commissioner for Policy and Planning in the City of Philadelphia in the mid-1990s under former Mayor Ed Rendell. During that time, she, wrote the only successful competitive federal health care grant in the Summer of Service program, to increase the rate of immunization for at-risk children, newborn to 2 years old and received the Clara Barton Humanitarian Award from the Southeastern Pennsylvania Chapter of the American Red Cross. In 2020, she was elected as a Fellow to the Philadelphia College of Physicians. In 2005, she was awarded Philadelphia Business Journal's Women of Distinction Award. In 2017, Gov. Tom Wolf appointed her to the Health Research Advisory Committee, which oversees the Commonwealth Universal Research Enhancement Program, or CURE. The CURE program, administered by the Pennsylvania Department of Health, advises on the distribution of 19 percent of the $11 billion tobacco settlement that goes to health and life-science-related research. In addition, Dr. O'Donnell served on the Women's Financial Services Network Advisory Board for PNC Bank and has served on the Regional Editorial Board of ADVANCE For Nurses. A commentator in local, regional, and national media venues, Dr. O'Donnell wrote the column "Biopharma Beat" for the Technology Times, and she is the author of "Provider of Last Resort: The Story of the Closure of the Philadelphia General Hospital." She has authored guest opinions by invitation for The Philadelphia Inquirer and The Philadelphia Daily News and has co-authored and published multiple research-based studies. While Dr. O'Donnell was a PhD student at the University of Pennsylvania, she penned a bi-weekly column, "Vox Populi," which was published in The Daily Pennsylvanian. She was elected the first trustee emerita of the Drexel University College of Medicine, serving on the Boards of Trustees of Drexel University and Medical School, and the Family Charter School in Mantua. She continues to serve on the Drexel Board of Advisors at the Kline School of Law.
Interest in Shares	-
Interest in Options	95,000 (pending shareholder approval)
Interest in Performance Rights	-

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Osagie Imasogie	FS KKR Capital Corp	June 2019 - Present
Oludare Odumosu	-	-
Tim Slate	Protean Ltd OZZ Ltd Syntonic Ltd	October 2020 – Present October 2022 – Present November 2020 – March 2023
Greg Blake	-	-
Donna Gentile O'Donnell	-	-

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for the key management personnel of the Company for the financial year ended 30 June 2023. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Key Management Personnel

Directors

- Osagie Imasogie
- Dr Oludare Odumosu
- Tim Slate
- Greg Blake (appointed 20 February 2023)
- Dr Donna Gentile O'Donnell (appointed 1 June 2023)
- Lisa Gray (resigned 31 May 2023)

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration committee

The Remuneration Committee is responsible for making recommendations to the Board for the remuneration of the Directors, the Managing Director and Key Management Personnel in line with the Remuneration Committee Charter.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Service Agreements

Executive Directors' Remuneration

Executive Name	Remuneration
Dr Oludare Odumosu	• Executive salary of US$300,000 per annum; and • Bonus payable on achievement of revenue targets, to a maximum bonus of 30% of base salary • Options package (shareholder approval obtained on 21 July 2020): – 28,572 @ 17.50 per share (expired 11 August 2023) – 28,572 @ 26.25 per share (expired 11 August 2023) – 28,572 @ 35.00 per share (expired 11 August 2023) – 28,572 @ 49.00 per share (expired 11 August 2023) – 28,572 @ 52.50 per share (expired 11 August 2023) • Either the Company or Dr Odumosu may terminate the engagement at any time without cause or notice
Greg Blake	• Executive salary of AUD$245,000 per annum; and • A discretionary bonus of not more than 30% of the executive salary • Options package (issued on 11 September 2020): – 22,858 @ 17.50 per share (vested) – 22,858 @ 26.25 per share (vested) – 22,858 @ 35.00 per share (vested) – 22,858 @ 49.00 per share (vested) – 22,858 @ 52.50 per share (vested) • Options expired on 11 September 2023 • Either the Company or Mr Blake may terminate the engagement by providing 3 months notice

Non-executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be as determined from time to time by a general meeting. The latest determination was at the meeting held on 21 July 2020 when shareholders approved an aggregate remuneration of $750,000 per annum.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Fixed remuneration

Fixed remuneration consists of base remuneration (salary or consulting fees) including any FBT charges as well as employer contributions to superannuation funds, where applicable. There was no use of remuneration consultants during the year.

Remuneration levels are reviewed annually by the Board of Directors.

Performance linked remuneration

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved, with the Board retaining the right to use its discretion when performance relating to unanticipated deliverables is achieved. KPI's include revenue generation in specific markets, leadership contribution, product formulation and development.

The long-term incentives ('LTI') include long service leave and share-based payments. The Nomination and Remuneration

Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2023 and the Board exercised its discretion in not awarding any shares to executives as part of long-term incentives.

Assessing performance

The remuneration committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid.

Consequences of performance on shareholders' wealth

In considering the Group's performance and benefits for shareholder wealth, the Remuneration Committee considers revenue, profit before tax, changes in share price and return of capital.

The overall level of key management personnel's remuneration takes into account the expected performance of the Group over a number of years. Refer to page 13 for details of past performance.

Details of the nature and amount of emoluments of key management personnel

2023 Financial Year

	Primary		Bonus	Post Employment	Equity Based Remuneration	Remuneration	Proportion of Remuneration Performance Related
Key Management Person	Salary & Fees ($)	Non Monetary ($)	($)	Superannuation Contribution ($)	Total ($)	Total ($)	%
Osagie Imasogie	144,000	-	-	-	-	144,000	0.00
Oludare Odumosu	445,434	33,326	-	-	-	478,760	0.00
Tim Slate	36,000	-	-	-	-	36,000	0.00
Greg Blake[1]	87,500	-	-	10,268	-	97,768	0.00
Donna Gentile O'Donnell [2]	3,000	-	-	-	4,774	7,774	61.40
Lisa Gray[3]	33,000	-	-	-	-	33,000	0.00
Totals	**748,934**	**33,326**	**-**	**10,268**	**4,774**	**797,302**	**0.01**

(1) Mr Blake was appointed on 20 February 2023
(2) Dr Gentille O'Donnell was appointed on 1 June 2023
(3) Ms Gray resigned on 31 May 2023

2022 Financial Year							
	Primary		Bonus	Post Employment	Equity Based Remuneration	Remuneration	Proportion of Remuneration Performance Related
Key Management Person	Salary & Fees ($)	Non Monetary ($)	($)	Superannuation Contribution ($)	Total ($)	Total ($)	%
Osagie Imasogie	144,000	-	-	-	384,593[1]	528,593	72.75
Oludare Odumosu	448,644	-	165,348	-	28,057[2]	642,049	30.12
Lisa Gray	36,000	-	-	-	384,593[1]	420,593	91.44
Tim Slate	15,000	-	-	-	-	15,000	0.00
Harry Karelis	110,000	-	-	-	248,076[1]	358,076	69.28
Jason Peterson	21,000	-	-	-	63,636[1]	84,636	75.18
Totals	**774,644**	**-**	**165,348**	**-**	**1,108,955**	**2,048,947**	**62.19**

(1) The Class A Performance Rights held by the Directors were converted to shares on 3 February 2022. Class B Performance Rights converted into shares subject to the cumulative revenues from US based products exceeding US$1,000,000 prior to 23 December 2024. Grant date fair value was $0.068.

2) Options fully vested by 2 December 2021. Fair value at grant date - $0.0096 to $0.00195. Options expire on 11 August 2023 and have been fully expenses in the current period.

Performance Based Remuneration

Performance Rights

The were no performance rights issued in the current or prior year.

Options

	Granted	Grant Date	Value per option at grant date	Value of options at grant date	Vesting Date	Expiry
	Number		$	$		
Donna Gentile O'Donnell	47,150	Note (1)	0.819	3,180	1 June 2024	3 years from date of issue
Donna Gentile O'Donnell	47,150	Note (1)	0.819	1,594	1 June 2025	3 years from date of issue

(1) The Company announced the terms of Dr O'Donnell's engagement on 31 May 2023, therefore the options are deemed to be issued prior to 30 June 2023. The options require shareholder approval before being issued.

Shares Issued to Key Management Personnel on Exercise of Options

No key management personnel exercised options during the years ended 30 June 2023 or 30 June 2022.

Shareholdings of Key Management Personnel

2023 Financial Year	Balance 01/07/2022	Conversion of Performance Rights	Granted as remuneration	At Appointment/ (Resignation)	Net Change Other	Balance 30/06/2023
Osagie Imasogie	428,883	-	-	-	-	428,883
Oludare Odumosu	131,766	-	-	-	-	131,766
Tim Slate	7,881	-	-	-	-	7,881
Greg Blake	-	-	-	-	-	-
Donna Gentile O'Donnell	-	-	-	-	-	-
Lisa Gray	381,988	-	-	(381,988)	-	-

2022 Financial Year	Balance 01/07/2021	Conversion of Performance Rights[1]	Granted as remuneration	At Appointment/ (Resignation)	Net Change Other[2]	Balance 30/06/2022
Osagie Imasogie	16,413,065	58,641,228	-	-	(74,625,410)	428,883
Oludare Odumosu	5,500,655	17,558,328	-	-	(22,927,217)	131,766
Lisa Gray	8,206,565	58,641,228	-	-	(66,465,805)	381,988
Tim Slate	-	-	-	1,379,000	(1,371,119)	7,881
Harry Karelis	49,587,680	6,250,000	-	(319,073)	(55,518,607)	-
Jason Peterson	74,593,965	-	-	74,593,965[3]	-	-

(1) On 10 January 2022, the Company announced the satisfaction of the Class A Performance Right milestones. The Class A Performance Rights held by the Directors were converted to shares on 3 February 2022.

(2) At a General Meeting held on 12 April 2022, shareholders approved that the issued capital of the Company be consolidated on the basis that every 175 shares be consolidated into one share. The record date for the consolidation was 19 April 2022. The final share issue was subject to rounding.

(3) Resigned prior to capital consolidation.

Option Holdings of Key Management Personnel

2023 Financial Year	Balance 01/07/2022	Options Acquired/ Granted as Remuneration	At Appointment/ (Resignation)	Expired	Balance 30/06/2023	Number vested and exercisable
Osagie Imasogie	-	-	-	-	-	-
Oludare Odumosu	142,857	-	-	-	-	142,857[2]
Tim Slate	-	-	-	-	-	-
Greg Blake	-	-	114,290	-	114,290	114,290[3]
Donna Gentile O'Donnell	-	95,000[1]	-	-	95,000	-
Lisa Gray	-	-	-	-	-	-

(1) The Company announced the terms of Dr O'Donnell's engagement on 31 May 2023, therefore the options are deemed to be issued prior to 30 June 2023. The options require shareholder approval before being issued.

(2) Expired on 11 August 2023.

(3) Expired on 11 September 2023

2022 Financial Year	Balance 01/07/2021	Options Acquired/ Granted as Remuneration	Net change other	At Appointment/ (Resignation)	Balance 30/06/2022	Number vested and exercisable
Osagie Imasogie	-	-	-	-	-	-
Oludare Odumosu	25,000,000	-	(24,857,143)[1]	-	142,857	142,857
Lisa Gray	-	-	-	-	-	-
Tim Slate	-	-	-	-	-	-
Harry Karelis	6,000,000	-	(6,000,000)[2]	-	-	-
Jason Peterson	8,000,000	-	(8,000,000)[2]	-	-	-

(1) At a General Meeting held on 12 April 2022, shareholders approved that the issued capital of the Company be consolidated on the basis that every 175 options be consolidated into one option. The record date for the consolidation was 19 April 2022.

(2) Expired during the financial year prior to capital consolidation. Nil value.

Performance Rights Holdings of Key Management Personnel

2023 Financial Year	Balance 01/07/2022	Performance Rights Converted	Net Change Other	At Appointment/ (Resignation)	Balance 30/06/2023	Number vested and exercisable
Osagie Imasogie	335,093	-	-	-	335,093	-
Oludare Odumosu	100,333	-	-	-	100,333	-
Tim Slate	-	-	-	-	-	-
Greg Blake	-	-	-	-	-	-
Donna Gentile O'Donnell	-	-	-	-	-	-
Lisa Gray	335,093	-	-	(335,093)	-	-

2022 Financial Year	Balance 01/07/2021	Performance Rights Converted[1]	Net Change Other[2]	At Appointment/ (Resignation)	Balance 30/06/2022	Number vested and exercisable
Osagie Imasogie	117,282,456	(58,641,228)	(58,306,135)	-	335,093	335,093
Oludare Odumosu	35,116,656	(17,558,328)	(17,457,995)	-	100,333	100,333
Lisa Gray	117,282,456	(58,641,228)	(58,306,135)	-	335,093	335,093
Tim Slate	-	-	-	-	-	-
Harry Karelis	12,500,000	(6,250,000)	(6,214,286)	(35,714)	-	-
Jason Peterson	12,500,000	-		(12,500,000)[3]	-	-

(1) On 10 January 2022, the Company announced the satisfaction of the Class A Performance Right milestones. The Class A Performance Rights held by the Directors were converted to shares on 3 February 2022.

(2) At a General Meeting held on 12 April 2022, shareholders approved that the issued capital of the Company be consolidated on the basis that every 175 Performance Shares be

consolidated into one Performance Share. The record date for the consolidation was 19 April 2022. The final share issue was subject to rounding.

(3) Resigned prior to capital consolidation.

Other transactions and balances with Key Management Personnel

Catalyst Corporate Pty Ltd, a company of which Mr Tim Slate is a Director, charged the Company director fees of $36,000 (2022: $15,000) and provided company secretarial and accounting services to the Company during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to company secretarial and accounting services was $126,109, $14,850 of which was outstanding at 30 June 2023.

Voting of shareholders at last year's annual general meeting

Zelira Therapeutics Limited received 97% of "yes" votes on its remuneration report for the 2022 financial year. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices

This concludes the Remuneration Report.

Environmental Issues

The Group is not subject to any significant environmental legislation.

Indemnifying Officers

The Company has an insurance policy in place insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under Section 300(9) of the Corporations Act 2001.

Indemnity And Insurance Of Auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not

paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Share Options

As at the date of this report, details of unissued ordinary shares under option are:

Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
22,858	20 January 2021	20 January 2024	$17.50	$0.0356	20 January 2021
22,858	20 January 2021	20 January 2024	$26.25	$0.0291	3 March 2021
22,858	20 January 2021	20 January 2024	$35.00	$0.0246	3 March 2021
22,858	20 January 2021	20 January 2024	$49.00	$0.0195	3 March 2022
22,858	20 January 2021	20 January 2024	$52.50	$0.0186	3 March 2022
17,715	22 October 2021	22 October 2025	$17.50	$0.0070	22 October 2022
17,715	22 October 2021	22 October 2025	$26.25	$0.0046	22 October 2023
17,715	22 October 2021	22 October 2025	$35.00	$0.0033	22 October 2023
17,715	22 October 2021	22 October 2025	$49.00	$0.0021	22 October 2024
17,715	22 October 2021	22 October 2025	$52.50	$0.0019	22 October 2024
11,429	22 October 2021	22 October 2025	$17.50	$0.0070	22 October 2022
31,431	22 October 2021	22 October 2025	$26.25	$0.0046	22 October 2022
42,860	22 October 2021	22 October 2025	$43.75	$0.0024	22 October 2023
42,860	22 October 2021	22 October 2025	$52.50	$0.0019	22 October 2024

Auditor's Independence Declaration and Non-Audit Services

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of Zelira Therapeutics Limited with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included on page 30 of the Annual Report.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings..

On behalf of the Board

Dr Oludare Odumosu
Global Managing Director

Perth, 29 September 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Zelira Therapeutics Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
29 September 2023

L Di Giallonardo
Partner

hlb.com.au

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2023

	Notes	2023 ($)	2022 ($)
Continuing operations			
Revenue	3	301,121	1,540,624
Cost of sales		(362,560)	(939,054)
Gross (loss)/profit		(61,439)	601,570
Finance income		134	10,595
Other income	4	1,337,440	1,342,239
Reversal of expected credit loss	12	1,500,000	-
Compliance and regulatory expenses		(365,465)	(439,153)
Consultants and professional fees		(2,986,147)	(3,207,901)
Administration expenses		(452,770)	(349,240)
Director and employee expenses		(2,204,583)	(3,037,338)
Travel and accommodation expense		(175,205)	(80,703)
Share based payments		(404,817)	(2,691,702)
Research and development		(1,336,428)	(1,396,694)
Commercialisation expenses		(74,590)	(715,237)
Depreciation and amortisation expense		(545,224)	(588,543)
Finance costs		(76,661)	(53,848)
Other expenses		(116,829)	(230,516)
Provision for expected credit loss		(39,633)	(1,510,000)
Changes in fair value of financial assets at fair value through profit or loss		-	(67,047)
Impairment of inventory		(266,515)	-
Loss from continuing operations before income tax expense		(6,268,732)	(12,413,518)
Income tax expense	5	-	-
Loss for the year		**(6,268,732)**	**(12,413,518)**
Loss attributable to non-controlling interests		(695,725)	(468,215)
Loss attributable to members of the parent entity		(5,573,007)	(11,945,303)
		(6,268,732)	(12,413,518)
Other Comprehensive Income, net of tax			
Items that may be reclassified to profit or loss			
Foreign currency translation		(87,989)	(319,497)
Total Comprehensive (Loss) for the Year		**(6,356,721)**	**(12,733,015)**
Loss attributable to non-controlling interests		(695,725)	(468,215)
Loss attributable to members of the parent entity		(5,660,996)	(12,264,800)
		(6,356,721)	(12,733,015)
Loss per share:			
Basic and diluted (loss) per share (cents per share)	19	(62.26)	(154.35)

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position
As at 30 June 2023

	Notes	2023 ($)	2022 ($)
Current Assets			
Cash and cash equivalents	7	146,206	2,746,409
Trade and other receivables	8	96,739	372,590
Inventories	9	1,527,995	1,957,147
Loan receivable	12	-	-
Total Current Assets		1,770,940	5,076,146
Non-Current Assets			
Right-of-use assets	10	335,101	398,967
Other financial assets		43,426	64,110
Property, plant and equipment		183,644	448,665
Intangible assets	11	31,557,602	31,713,603
Total Non-Current Assets		32,119,773	32,625,345
Total Assets		33,890,713	37,701,491
Current Liabilities			
Trade and other payables	13	1,741,011	1,510,045
Lease liabilities	14	142,528	116,709
Total Current Liabilities		1,883,539	1,626,754
Non-Current Liabilities			
Lease liabilities	14	295,374	384,199
Total Non-Current Liabilities		295,374	384,199
Total Liabilities		2,178,913	2,010,953
Net Assets		**31,711,800**	**35,690,538**
Equity			
Issued capital	15	45,515,996	43,745,957
Reserves	16	31,053,341	30,651,454
Accumulated losses		(44,767,265)	(39,194,258)
Parent entity interest		31,802,072	35,203,153
Non-controlling interest		(90,272)	487,385
Total Equity		**31,711,800**	**35,690,538**

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2023

	Issued Capital $	Accumulated Losses $	Foreign Currency Reserve $	Performance Rights Reserve $	Share Based Payments Reserve $	Contribution Reserve $	Total $	Non-controlling Interest $	Total Equity $
Balance as 1 July 2021	**36,651,436**	**(27,248,955)**	**(162,693)**	**26,608,570**	**1,981,281**	**-**	**37,829,639**	**-**	**37,829,639**
Loss for the year	-	(11,945,303)	-	-	-	-	(11,945,303)	(468,215)	(12,413,518)
Other comprehensive loss	-	-	(319,497)	-	-	-	(319,497)	-	(319,497)
Total comprehensive loss for the year	**-**	**(11,945,303)**	**(319,497)**	**-**	**-**	**-**	**(12,264,800)**	**(468,215)**	**(12,733,015)**
Shares issued during the year	4,794,521	-	-	-	-	-	4,794,521	-	4,794,521
Share options exercised	343,750	-	-	-	-	-	343,750	-	343,750
Conversion of performance rights	1,956,250	-	-	(1,956,250)	-	-	-	-	-
Share-based payments	-	-	-	2,459,903	231,799	-	2,691,702	-	2,691,702
Transaction with minority interest	-	-	-	-	-	1,808,341	1,808,341	955,600	2,763,941
Balance at 30 June 2022	**43,745,957**	**(39,194,258)**	**(482,190)**	**27,112,223**	**2,213,080**	**1,808,341**	**35,203,153**	**487,385**	**35,690,538**
Balance as 1 July 2022	**43,745,957**	**(39,194,258)**	**(482,190)**	**27,112,223**	**2,213,080**	**1,808,341**	**35,203,153**	**487,385**	**35,690,538**
Loss for the year	-	(5,573,007)	-	-	-	-	(5,573,007)	(695,725)	(6,268,732)
Other comprehensive loss	-	-	(87,989)	-	-	-	(87,989)	-	(87,989)
Total comprehensive loss for the year	-	(5,573,007)	(87,989)	-	-	-	(5,660,996)	(695,725)	(6,356,721)
Shares issued during the year	1,770,039	-	-	-	-	-	1,770,039	-	1,770,039
Share-based payments	-	-	-	342,341	62,476	-	404,817	-	404,817
Transaction with minority interest	-	-	-	-	-	85,059	85,059	118,068	203,127
Balance at 30 June 2023	**45,515,996**	**(44,767,265)**	**(570,179)**	**27,454,564**	**2,275,556**	**1,893,400**	**31,802,072**	**(90,272)**	**31,711,800**

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Cash Flows
For the year ended 30 June 2023

	Notes	2023 ($)	2022 ($)
Cash Flows from Operating Activities			
Receipts from customers		373,525	1,548,779
Payments to suppliers and employees		(6,839,117)	(9,889,405)
Payments for research and development		(756,957)	(1,137,193)
Interest received		42	595
Interest paid		(26,571)	-
Other		-	50,000
Net cash (used in) operating activities	20	(7,249,078)	(9,427,224)
Cash Flows from Investing Activities			
Government grants and tax incentives		1,142,797	1,292,218
Proceeds from disposal of investments		736,438	-
Third party loan provided/(repaid)		950,000	(1,500,000)
Net cash from/(used in) investing activities		2,829,235	(207,782)
Net cash from/(used) in investing activities			
Proceeds from issue of shares		1,770,039	6,755,844
Proceeds from the exercise of options		-	343,750
Net cash from financing activities		1,770,039	7,099,594
Net decrease in cash and cash equivalents		(2,649,804)	(2,535,412)
Effect of exchange rate fluctuations on cash held		49,601	310,705
Cash and cash equivalents at beginning of financial year		2,746,409	4,971,116
Cash and cash equivalents at end of financial year	7	146,206	**2,746,409**

The accompanying notes form part of these consolidated financial statements.

1. Summary of Accounting Policies

a. Statement of significant accounting policies

The following is a summary of the significant accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report covers the consolidated entity of Zelira Therapeutics Limited ("the Parent") and its subsidiaries ("the Group" or "the Company"). Zelira Therapeutics Limited (ZLD) is a listed public company, incorporated and domiciled in Australia.

Reporting basis and conventions

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This financial report was authorised for issue by the Board on 29 September 2023.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied where relevant.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including,

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members are eliminated in full on consolidation.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/ permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

c. Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2023, the directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2022. As a result of this review, the Directors have determined that there is no material impact of any new and revised Standards and Interpretations issued by the AASB.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2023. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Group and therefore no material change is necessary to Group accounting policies.

d. Going concern

The Group incurred a loss of $6,268,732 for the year ended 30 June 2023 and a net cash outflow from operating activities amounting to $7,249,078. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern

In February 2023, Zelira established HOPE® 1 SPV to facilitate investment to fund HOPE® 1 US FDA clinical trials. Zelira will provide to the SPV its HOPE® 1 product, IP and real-world data for 55% equity ownership of the SPV. Cash investors will contribute to the SPV a total of circa US$35 million to fund HOPE ® 1 US FDA trials in exchange for a cumulative SPV equity interest of 45%. Zelira manages the SPV as part of its business platform.

As at 30 June 2023, Zelira had executed binding terms sheets for $US11.85 million, subject to definitive agreements, representing approximately 34% of the total US$35 million to be raised.

Post year end, in August 2023, Zelira executed definitive agreements with the 2011 Forman Trust and Mr Malik Majeed, to close a first tranche of US$1.069 million out of the US$3.25 million funding for Zelira to initiate HOPE® FDA clinical trials.

Zelira expects to have subsequent rounds of closings this quarter from its continuing fund-raising efforts to support the HOPE® 1 formal FDA clinical program.

The ability of the entity to continue as a going concern is dependent on Zelira successfully commercialising its medicinal cannabinoid formulas targeting large addressable markets such as pain, sleep and anxiety, fees generated for the management of the HOPE® 1 SPV as it progresses the HOPE® 1 US FDA clinical trials, commercialising its scientifically formulated, hemp-derived cannabinoid-based oral-care products or securing additional funding through capital raising activities to continue its operational and marketing activities. Should these be unsuccessful, there will exist a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be able to generate sufficient revenue or secure sufficient funds to meet its commitments.

There are a number of inherent uncertainties relating to the Group's future plans including but not limited to:

- whether the Group is able to generate sufficient revenue from HOPE® 1 and HOPE® 2;
- whether the Group is able to generate sufficient revenue from its Oral Care range of products;
- whether the Group is able to close; subsequent rounds of funding in the HOPE® 1 SPV;
- whether the Group is able to generate cash receipts from the management of the HOPE® 1 SPV as it progresses the HOPE® 1 US FDA clinical trials;
- whether the Group is able to generate sufficient revenue licencing its Zyradi technology;
- whether the Company will be able to raise equity in this current market; and
- whether the Group would be able to secure any other sources of funding.

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

f. Foreign Exchange

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. The Directors have determined that the functional currency of the Group is Australian Dollars.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

g. Income Tax

The charge for current income tax expenses is based on the profit/loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions or deductibility imposed by the law.

h. Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

i. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials – purchase cost on a first-in, first-out basis; and
- Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

j. Property, Plant and Equipment

Plant and equipment is stated at historical cost or fair value less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

k. Leases

Where the Company is a lessee, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Group under residual value guarantees;
- The exercise price pf purchase options, if the Group is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

l. Intangible Assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses recognised for goodwill are not subsequently reversed.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Favourable leases

Favourable leases acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

m. Impairment of non-financial Assets

At each reporting date, the Company reviews the carrying values of tangible assets and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

n. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

o. Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company.

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

p. Financial assets

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

q. Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

r. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Zelira Therapeutics Ltd.

s. Revenue Recognition

The Group enters into contracts for the sale of medicinal cannabis products. Revenue is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards or ownership have been transferred to the customer and collection of the sales price is reasonably assured. The performance obligation is identified to be the delivery of supplies to the customer, and the transaction price is allocated to the number of units delivered. These criteria for performance obligation are assessed to have occurred once the product has been delivered to the customer.

Revenue from licence fees is recognised when the right to receive payment is established in line with the contractual terms.

t. Other income

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

u. Fair Value Estimates

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the unlisted options) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

v. Earnings per share

Basic earnings/(loss) per share

Basic earnings/(loss)per share ("EPS") is calculated as net profit or loss, attributable to members, adjusted to exclude any costs of servicing equity.

Diluted earnings /(loss) per share

Diluted EPS is calculated by adjusting the basic EPS earnings for the after tax effect of financing costs and the effect of conversion to ordinary shares associated with dilutive potential ordinary shares, rather than including the notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted.

The diluted EPS weighted average number of shares includes the number of ordinary shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares, rather that the total number of dilutive potential ordinary shares. The number of ordinary shares assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average price.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing ordinary operations, not net profit or loss and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

w. Share-based payment transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model or the binomial option pricing model.

In valuing equity-settled transactions, the Company takes into account any performance conditions, other than conditions linked to the price of the shares of Zelira Therapeutics Limited (market conditions), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

x. Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

y. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates

Share based payments

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using the Black-Scholes pricing model.

The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Performance Rights

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees became fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the estimated number of awards that will ultimately vest. This estimate is formed based on the best available information at balance date.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately, However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 11 for further information.

During the year ended 30 June 2023, the Group conducted an impairment assessment in relation to goodwill and other intangible assets. The recoverable amount was determined at the cash generating unit level, which is the Group's US operations, and was based on a value-in-use calculation. This cash generating unit encompasses goodwill of $30,747,083 and other intangibles of $810,519 (refer note 11). The pre-tax discount rate adopted was 35% based on management's assessment, which was based on the range of 28%-38% as recommended in the 2023 Pepperdine Capital Markets discount rates for early-stage companies. The value-in-use calculation was based upon cash flows over a five-year period with a final year terminal value taking into account a 5% growth rate. The five-year forecast used as a basis for the value-in-use model takes into account the following:

- OTC products - based on the 12-month budget (extrapolated over a four-year period at a 20% annual growth rate in revenue to provide a total five-year forecast model);
- Rx products - based on a three-year clinical trial process with fourth year revenue;
- Licence product - based on the 12-month budget (extrapolated over a four-year period at a 100% annual growth rate in revenue, following consideration of ongoing discussions with licencees, to provide a total five-year forecast model).

The assumptions are considered reasonable and supportable and were derived with due consideration to planned activity, actual performance indicators, market size and advice from external advisors.

The Company has considered the impact of possible changes in key assumptions. Based on a sensitivity analysis undertaken, the following possible changes (taken in isolation) would not result in a reduction of the carrying value of goodwill:

- Adjustment of terminal value growth-rate to nil;
- Reduction of Rx revenue by 5%;
- Reduction of Licence revenue by 20%;
- Total forecast revenues over the 5-year period being 5% less than forecast.

Based upon the value-in-use calculation, no impairment has been recognised.

2. Operating Segments

Identification of reportable operating segments

The Group is organised into two operating segments based on geographic location of operations: Australia and United States of America. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

2023 Segment Revenue	Australia $	USA $	Total $
Revenue	87,506	213,615	301,121
Other income (Note 4)	1,337,440	-	1,337,440
Interest income	134	-	134
Total income	**1,425,080**	**213,615**	**1,638,695**

2023 Segment Result	Australia $	USA $	Total $
EBITDA	(4,684,315)	(962,666)	(5,646,981)
Depreciation and amortisation	(405,870)	(139,354)	(545,224)
Interest income	134	-	134
Finance costs	(18,892)	(57,769)	(76,661)
Loss before income tax expense	(5,108,943)	(1,159,789)	(6,268,732)
Income tax expense	-	-	-
Loss after income tax expense	**(5,108,943)**	**(1,159,789)**	**(6,268,732)**

2023 Segment assets and liabilities	Australia $	USA $	Total $
Total assets	20,700,155	13,190,638	33,890,713
Total liabilities	(713,765)	(1,465,148)	(2,178,913)
Net assets (liabilities)	**19,986,390**	**11,725,410**	**31,711,800**

2022 Segment Revenue			
	Australia $	USA $	Total $
Revenue	66,784	1,473,840	1,540,624
Other income (Note 4)	1,342,239	-	1,342,239
Interest income	10,595	-	10,595
Total income	1,419,618	1,473,840	2,893,458

2022 Segment Result			
	Australia $	USA $	Total $
EBITDA	(11,890,646)	108,924	(11,781,722)
Depreciation and amortisation	(400,617)	(187,926)	(588,543)
Interest income	10,595	-	10,595
Finance costs	(1,769)	(52,079)	(53,848)
Loss before income tax expense	(12,282,437)	(131,081)	(12,413,518)
Income tax expense	-	-	-
Loss after income tax expense	(12,282,437)	(131,081)	(12,413,518)

2022 Segment assets and liabilities			
	Australia $	USA $	Total $
Total assets	26,443,368	11,258,123	37,701,491
Total liabilities	(704,523)	(1,306,430)	(2,010,953)
Net assets (liabilities)	25,738,845	9,951,693	35,690,538

3. Revenue

	2023 ($)	2022 ($)
Sales of goods (point in time)	301,121	752,090
Project Management fee	-	84,629
License fee	-	703,905
	301,121	1,540,624

Disaggregation of revenue

The disaggregation of revenue from the sale of goods is as follows:

	2023 ($)	2022 ($)
Sale of ZENIVOL® and HOPE® – Australia	87,506	66,784
Sale of Oral care products – US	57,669	638,062
Other sales – US	155,946	47,244
	301,121	752,090

4. Other Income

	2023 ($)	2022 ($)
Research and development incentive[1]	1,142,797	1,292,239
Settlement of Health House loan obligations	250,000	-
Fair value loss on Creso shares	(55,357)	-
Other	-	50,000
	1,337,440	1,342,239

1. Research and development incentive relates to the Group's current period research and development (R&D) activities being registered by Innovation and Science Australia for the R&D Tax Incentive. The R&D refund was received by the Company in January 2023.

5. Income Tax Expense

a. The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax expense in the financial statements as follows:

	2023 ($)	2022 ($)
Loss before tax from continuing operations	(6,268,732)	(12,413,518)
Income tax (benefit)/expense calculated at 25% (2022: 25%)	(1,567,183)	(3,103,380)
Unused tax losses and tax offset not recognised as deferred tax assets		
Share based payments	101,204	672,926
Other non-deductible expenses	894,752	505,409
Non assessable income	(284,826)	(323,055)
Section 40-880 deduction on costs recognised in equity	(28,363)	-
Deferred tax assets not recognised	884,416	2,248,100
Income tax (benefit)/expense reported in the statement of comprehensive income	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 25% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

b. Unrecognised deferred tax balances

The following deferred tax assets and (liabilities) have not been brought to account:

	2023 ($)	2022 ($)
Deferred tax assets comprise:		
Temporary differences	6,947,437	6,407,843
Deferred tax liabilities comprise:		
Temporary differences	(95,713)	(206,312)
Net deferred tax assets	6,851,724	5,824,031

A deferred tax asset has not been recognised in the financial statements because it is not demonstrably probable that sufficient future taxable income will be available against which the Group can utilise the benefits thereof.

The future benefits of these tax assets will only be obtained if:

- The Group derives future assessable income of a nature and at an amount sufficient to enable the benefit from the assets to be realised;
- The Group continues to comply with the conditions for deductibility imposed by relevant tax legislation; and
- No changes in tax legislation adversely affect the Group in realising the benefit from the assets.

6. Key Management Personnel

The Key Management Personnel of Zelira Therapeutics Limited during the year were:

- Osagie Imasogie
- Dr Oludare Odumosu
- Tim Slate
- Greg Blake (appointed 20 February 2023)
- Dr Donna Gentile O'Donnell (appointed 1 June 2023)
- Lisa Gray (resigned 31 May 2023)

Key management personnel compensation

	2023 ($)	2022 ($)
Short-term employment benefits	782,260	939,992
Post-employment benefits	10,268	-
Share based payments	4,774	1,108,955
	797,302	2,048,947

Catalyst Corporate Pty Ltd, a company of which Mr Tim Slate is a Director, charged the Company director fees of $36,000 (2022: $15,000) and provided company secretarial and accounting services to the Company during the year on normal commercial terms and conditions. The aggregate amount recognised since the date of appointment relating to company secretarial and accounting services was $126,109, $14,850 of which was outstanding at 30 June 2023.

7. Cash and Cash Equivalents

	2023 ($)	2022 ($)
Cash at bank	146,206	2,746,409

Cash at bank earns interest at fixed and floating rates based on daily bank and term deposit rates.

8. Trade and Other Receivables

	2023 ($)	2022 ($)
Trade receivables	(8,648)	101,430
GST receivable	464	148,099
Prepayments	97,831	116,140
Other current assets	7,092	6,921
	96,739	372,590

Expected credit losses

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery. On the above basis the expected credit loss for trade receivables as at 30 June 2023 is nil.

9. Inventories

	2023 ($)	2022 ($)
Raw materials – at cost	1,150,376	646,774
Work in progress – at cost	-	550,515
Finished goods – at cost	377,619	759,858
	1,527,995	1,957,147

10. Right-of-Use Assets

Property Leases

	2023 ($)	2022 ($)
Carrying value		
Cost	747,758	649,157
Accumulated depreciation	(412,657)	(250,190)
Carrying value at 30 June	335,101	398,967
Opening balance	398,967	478,996
Additions	43,865	-
Depreciation expense	(121,198)	(114,977)
Foreign exchange conversion	13,467	(34,948)
Carrying value at 30 June	335,101	398,967

11. Intangible Assets

	Trademarks ($)	Favourable leases ($)	Goodwill ($)	Total ($)
Opening balance at 30 June 2022	873,842	92,678	30,747,083	31,713,603
Accumulated amortisation	(117,736)	(38,265)	-	(156,001)
Closing balance at 30 June 2023	756,106	54,413	30,747,083	31,557,602

Impairment tests for goodwill

Goodwill acquired through the acquisition of Ilera Therapeutics has been allocated to a single cash generating unit (CGU) – the USA – for impairment testing.

The Directors assessed the carrying value of goodwill at balance date and are of the opinion that the intangible assets associated with the US business continue to have value. The recoverable amount of the goodwill has been determined by a value-in-use calculation using the discounted cash flow method, based on a five-year projection period, with a terminal growth rate of 5% after 5 years.

Key assumptions are those to which the recoverable amount of a CGU is most sensitive. The following key assumptions were used in the discounted cash flow model for the US CGU:

- 35% pre-tax discount rate
- 5% increase in year 5 projected revenue growth rate, for a terminal growth rate
- No significant changes in working capital

Based on the above, the Directors believe the recoverable amount of the goodwill associated with the US CGU exceeds the carrying amount.

Refer to Note 1(y) for details on sensitivities applied to the assessment of the carrying value of goodwill.

12. Loan Receivable

	2023 ($)	2022 ($)
Opening balance	-	-
Loan receivable	-	1,510,000
Less: Provision for expected credit loss	-	(1,510,000)
Reversal of expected credit loss	1,500,000	-
Repayment of loan	(950,000)	-
Release of loan obligations	(550,000)	-
	-	-

On 24 February 2022, the Company announced the proposed acquisition of Health House International Ltd ('Health House'). To assist Health House with its short-term working capital requirements, the Company agreed to provide a $1.5 million short-term loan facility to Health House. On 22 June 2022, the Company announced the termination of the Scheme Implementation Deed with Health House.

On 29 July 2022 Health House announced it had signed a non-binding term sheet with Creso Pharma Limited ('Creso') for Creso to acquire Health House ('Term Sheet').

Following a review of the Health House cash position as at 30 June 2022 and the non-binding nature of the Term Sheet, the Company determined it appropriate to recognise a provision for expected credit loss in relation to the present value of the loan and accrued interest until the proposed acquisition was more certain.

On 8 September 2022, Zelira announced that it had agreed with Health House to extend the date for repayment of its short-term loan provided in February 2022 to 31 October 2022. Following agreement, Zelira received an initial payment of $400,000.

On 21 November 2022, Zelira announced a variation to the loan agreement as follows:

- Creso Pharma Limited("Creso") on behalf of Health House to make an immediate payment of $550,000; and
- Subject to shareholder approval on or prior to 31 December 2022, Creso agrees to issue Zelira that number of Creso shares equal to $800,000 divided by the closing price of Creso's ordinary shares as traded on the ASX the day prior to the Shareholder Meeting.

Zelira received payment of $550,000 on 21 November 2022, which together with the initial payment received of $400,000 resulted in a recovery of $950,000 of the loan. The remaining loan balance of $550,000 was settled as follows.

On 10 January 2023, Zelira announced that it had released Health House of any obligation under the loan agreement following receipt of 40,000,000 Creso shares from Creso at an issue price of $0.02 being equal to $800,000. This resulted in a gain of $250,000 on settlement of the loan obligations (Note 4). The Creso shares were subsequently disposed of.

13. Trade and Other Payables

	2023 ($)	2022 ($)
Trade payables and accruals	1,741,011	1,510,045

Terms and conditions relating to the above financial instruments:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

14. Lease Liabilities

	2023 ($)	2022 ($)
Carrying value	142,528	116,709
Current liabilities	295,374	384,199
Non-current liabilities	437,902	500,908
Reconciliation		
Opening balance	500,908	551,081
Additions	43,865	-
Interest	34,646	36,194
Principal repayments	(160,482)	(129,142)
Foreign exchange conversion	18,965	42,775
Closing balance at 30 June	437,902	500,908

Underlying assets serve as a security for the related lease liabilities. A maturity analysis of future minimum lease payments on an undiscounted basis is presented below:

2023	Lease payments due			
	< 1 year ($)	1 – 2 years ($)	2 – 5 years($)	Total ($)
Lease payments	167,198	160,973	150,429	478,599
Interest	(24,670)	(15,029)	(998)	(40,697)
Net present value	142,528	145,944	149,431	437,902

2022	Lease payments due			
	< 1 year ($)	1 – 2 years ($)	2 – 5 years($)	Total ($)
Lease payments	147,092	136,461	285,327	568,880
Interest	(30,383)	(22,507)	(15,082)	(67,972)
Net present value	116,709	113,954	270,245	500,908

The Group applies the practical expedient in AABS 16 Appendix C, C10 which allows the Group to account for the registered office lease in the same way as short-term leases. The Group recognised $12,000 of leasing expenses in the current period in relation to the registered office lease.

15. Issued Capital

			2023 ($)	2022 ($)
			45,515,996	43,745,957
	Year to 30 June 2023 (No.)	Year to 30 June 2022 (No.)	Year to 30 June 2023 ($)	Year to 30 June 2022 ($)
Movements in ordinary shares on issue				
At start of period	9,577,116	1,190,322,966	43,745,957	36,651,436
Shares issued from exercise of options	-	11,000,000	-	343,750
Shares issued to sophisticated investors	1,770,039	79,908,676	1,770,039	4,794,521
Conversion of performance rights	-	393,870,322	-	1,956,250
Share consolidation (175:1)	-	(1,665,524,848)	-	-
At end of period	11,347,155	9,577,116	45,515,996	43,745,957

At shareholders' meetings, each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called. In accordance with the ASX Listing Rules, all voting on resolutions at shareholders' meetings are conducted by a poll.

16. Reserves

Share-based payments reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to note 17 for further details of these plans.

Foreign currency reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency reserve as described in Note 1. The reserve is recognised in profit or loss when the net investment is disposed of.

Performance rights reserve

This reserve is used to record the value of performance rights provided to Directors as part of their remuneration. Refer to Note 17 for further details.

Contribution reserve

The reserve is used to recognise the share of the contribution paid for the non-controlling interest equity holding.

17. Share Based Payments

a. Summary of share-based payments - Unlisted Options (as at Balance date)

Set out below are the summaries of options granted as share based payments during the year and previous periods:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
1	22,858	11 September 2020	11 September 2023	$17.50	$0.0151	9 November 2020
2	22,858	11 September 2020	11 September 2023	$26.25	$0.0114	9 November 2021
3	22,858	11 September 2020	11 September 2023	$35.00	$0.0090	9 November 2021
4	22,858	11 September 2020	11 September 2023	$49.00	$0.0066	9 November 2022
5	22,858	11 September 2020	11 September 2023	$52.50	$0.0062	9 November 2022
6	22,858	20 January 2021	20 January 2024	$17.50	$0.0356	20 January 2021
7	22,858	20 January 2021	20 January 2024	$26.25	$0.0291	3 March 2021
8	22,858	20 January 2021	20 January 2024	$35.00	$0.0246	3 March 2021
9	22,858	20 January 2021	20 January 2024	$49.00	$0.0195	3 March 2022
10	22,858	20 January 2021	20 January 2024	$52.50	$0.0186	3 March 2022
11	17,715	22 October 2021	22 October 2025	$17.50	$0.0070	22 October 2022
12	17,715	22 October 2021	22 October 2025	$26.25	$0.0046	22 October 2023
13	17,715	22 October 2021	22 October 2025	$35.00	$0.0033	22 October 2023
14	17,715	22 October 2021	22 October 2025	$49.00	$0.0021	22 October 2024
15	17,715	22 October 2021	22 October 2025	$52.50	$0.0019	22 October 2024
16	11,429	22 October 2021	22 October 2025	$17.50	$0.0070	22 October 2022
17	31,431	22 October 2021	22 October 2025	$26.25	$0.0046	22 October 2022
18	42,860	22 October 2021	22 October 2025	$43.75	$0.0024	22 October 2023
19	42,860	22 October 2021	22 October 2025	$52.50	$0.0019	22 October 2024

The weighted average exercise price during the financial year was $37.21 (restated 2022: $36.62). The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.47 years (2022: 1.09 years).

Performance Rights

No performance rights were issued in the current or prior year.

b. Valuation assumptions

The fair value of the equity-settled options granted is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which they were granted.

	Expected volatility (%)	Risk-free interest rate (%)	Expected life of option (years)	Exercise price	Grant date share price (cents)
1	80	0.26	3	$17.50	5.7
2	80	0.26	3	$26.25	5.7
3	80	0.26	3	$35.00	5.7
4	80	0.26	3	$49.00	5.7
5	80	0.26	3	$52.50	5.7
6	83	0.1	3	$17.50	9.7
7	83	0.1	3	$26.25	9.7
8	83	0.1	3	$35.00	9.7
9	83	0.1	3	$49.00	9.7
10	83	0.1	3	$52.50	9.7
11	61	0.1	4	$17.50	4.2
12	61	0.1	4	$26.25	4.2
13	61	0.1	4	$35.00	4.2
14	61	0.1	4	$49.00	4.2
15	61	0.1	4	$52.50	4.2
16	61	0.1	4	$17.50	4.2
17	61	0.1	4	$26.25	4.2
18	61	0.1	4	$43.75	4.2
19	61	0.1	4	$52.50	4.2

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

18. Financial Instruments

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

There were no financial assets or liabilities measured at fair value on a recurring basis.

There were no transfers between levels in 2023 and 2022.

Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. Valuation processes and fair value changes are discussed among the Board in line with the Group's reporting dates.

Fair value of financial assets and financial liabilities equate to their carrying values.

Unlisted options

The Group's unlisted options are fair valued using a Black and Scholes model partly using observable variables such as interest rates.

a. Financial risk management objectives

The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives was governed by the Group's policies approved by the Board of directors, which provide written principles on the use of financial derivatives – however the Group does not currently use derivatives. Compliance with policies and exposure limits is reviewed by the directors on a continuous basis.

The carrying amounts of financial assets and financial liabilities approximate their fair value.

			Maturity dates		Non-interest bearing	Total
2023	Interest rates	Variable interest rate ($)	Less than 1 year ($)	1-2 years ($)	($)	($)
Financial assets:						
Cash and cash equivalents	0.0%	146,206	-	-	-	146,206
Trade receivables	-	-	-	-	(8,648)	(8,648)
Financial liabilities:						
Trade payables	-	-	-	-	1,741,011	1,741,011
Lease liabilities	7.0%	-	142,528	295,374	-	437,902

			Maturity dates		Non-interest bearing	Total
2022	Interest rates	Variable interest rate ($)	Less than 1 year ($)	1-2 years ($)	($)	($)
Financial assets:						
Cash and cash equivalents	0.0%	2,746,409	-	-	-	2,746,409
Trade receivables	-	-	-	-	101,430	101,430
Financial liabilities:						
Trade payables	-	-	-	-	1,510,045	1,510,045
Lease liabilities	7.0%	-	116,709	384,199	-	500,908

b. Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Management monitor the rolling forecasts of the Group's liquidity on the basis of expected cash flow.

The following table details the expected maturity of the Group's financial assets and liabilities based on the earliest date of maturity or payment respectively. The amounts are stated on an undiscounted basis and include interest.

2023	Less than 1 month ($)	1 – 3 Months ($)	3 months – 1 year ($)	1 – 5 years ($)
Financial Assets				
Non-interest bearing	(8,648)	-	-	-
Variable interest rate	146,206	-	-	-
Fixed interest rate	-	-	-	-
	137,558	-	-	-
Financial Liabilities				
Non-interest bearing	1,741,011	-	-	-
	1,741,011	-	-	-

2022	Less than 1 month ($)	1 – 3 Months ($)	3 months – 1 year ($)	1 – 5 years ($)
Financial Assets				
Non-interest bearing	101,430	-	-	-
Variable interest rate	2,746,409	-	-	-
Fixed interest rate	-	-	-	-
	2,847,839			
Financial Liabilities				
Non-interest bearing	1,510,045	-	-	-
	1,510,045	-	-	-

19. Earnings / (Loss) per Share

	2023 ($)	2022 ($)
a. (Loss) used in the calculation of basic and dilutive loss per share	(6,268,732)	(12,413,518)
Basic loss per Share	**Number of Shares**	**Number of Shares**
b. Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share:	10,068,253	8,042,432
Basic (loss) per share (cents per share)	(62.26)	(154.35)
Diluted loss per Share	**Number of Shares**	**Number of Shares**
b. Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share:	10,068,253	8,042,432
Diluted (loss) per share (cents per share)	(62.26)	(154.35)

The number of ordinary shares used in the calculation of Diluted Loss per Share is the same as the number used in the calculation of Basic Loss per Share in the year ended 30 June 2023 and the prior year ended 30 June 2022, as options and performance rights are not considered dilutive as a loss was incurred in both years.

20. Cash Flow Information

Reconciliation of net cash flow used in operating activities with profit / (loss) after income tax	2023 ($)	2022 ($)
Loss for year	(6,268,732)	(12,413,518)
Cash flows in operating loss classified as investing activities		
Government grants and tax incentive	(1,142,797)	(1,292,239)
Non-cash flows in operating loss		
Other non-cash income	(194,643)	-
Changes in value of financial assets	-	67,047
Share based payments	404,817	2,691,702
Provision for expected credit loss	39,633	1,510,000
Reversal of expected credit loss	(1,500,000)	-
Foreign exchange gain/(loss)	(174,832)	192,606
Impairment of inventory	266,515	-
Finance charges	76,661	53,848
Depreciation and amortisation	545,224	588,543
Cash flows not in operating loss		
Rent expense	(164,249)	(139,740)
Changes in assets and liabilities:		
Decrease/(Increase) in trade and other receivables	275,851	(120,979)
Decrease/ (Increase) in inventories	356,510	(1,089,560)
Increase in trade payables and other accruals	230,965	525,066
Net cash used in operating activities	(7,249,078)	(9,427,224)

21. Auditor's Remuneration

	2023 ($)	2022 ($)
The auditors of the Company are HLB Mann Judd		
Remuneration of the auditor for:		
Auditing or reviewing the financial report	58,000	44,000
	58,000	44,000
The auditors of the subsidiaries in the USA are Marcum LLP		
Remuneration of the auditor for:		
Auditing or reviewing the USA subsidiaries	159,872	145,375
	159,872	145,375

22. Commitments

	2023 ($)	2022 ($)
Research and development		
not later than 1 year	1,188,368	1,296,763
later than 1 year but no later than 5 years	-	-
Remuneration and consulting		
not later than 1 year	2,448,463	3,176,498

Remuneration represents key management personnel and senior management for a period of 12 months. Consulting represents consulting commitments for their stated notice period.

23. Parent Entity Information

The individual financial statements for the parent entity show the following aggregate amounts. The information presented has been prepared using accounting policies as disclosed in Note 1.

	2023 ($)	2022 ($)
Financial Position		
Current assets	73,806	745,560
Non-current assets	31,746,733	33,491,945
Total assets	31,820,539	34,237,505
Current liabilities	(94,176)	(151,778)
Non current liabilties	(14,563)	-
Total liabilities	(108,739)	(151,778)
Net assets	31,711,800	34,085,727
Shareholder's equity		
Issued capital	57,716,015	55,945,976
Reserves	29,730,120	29,325,303
Accumulated losses	(55,734,335)	(51,185,552)
	31,711,800	34,085,727
Financial Performance		
Loss for the year	(4,548,783)	(7,039,039)
Total comprehensive loss	(4,548,783)	(7,039,039)

Contingencies of the Parent Entity

There are no contingent liabilities involving the parent entity (2022: Nil).

Guarantees of the Parent Entity

There are no guarantees involving the parent entity (2022: Nil).

Contractual commitments of the Parent Entity

Included in the commitments in Note 22 are commitments incurred by the Parent Entity as follows:

	2023 ($)	2022 ($)
Research and development		
not later than 1 year	-	-
later than 1 year but no later than 5 years	-	-
Remuneration and consulting		
not later than 1 year	594,740	766,701

Remuneration represents key management personnel and senior management for a period of 12 months. Consulting represents consulting commitments for their stated notice period.

24. Interests in Subsidiaries

The consolidated financial statements include the financial statements of Zelira Therapeutics Limited and the subsidiaries in the following table.

	Country of Incorporation	% Equity Interest	
		2023	2022
Zelira Therapeutics Operations Pty Ltd	Australia	100%	100%
ZI Acquisition, Inc	USA	100%	100%
Ilera Therapeutics LLC	USA	100%	100%
Ilera Derm LLC*	USA	78%	78%
Zelira Oral Healthcare LLC*	USA	80%	80%
Zelira – Hope – 1, LLC	USA	100%	-

**The results of Ilera Derm LLC and Zelira Oral Healthcare LLC are not considered material to the Group for 2023*

25. Related Party Information

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Transactions with director related entities:

Catalyst Corporate Pty Ltd, a company of which Mr Tim Slate is a Director, charged the Company director fees of $36,000 (2022: $15,000) and provided company secretarial and accounting services to the Company during the year on normal commercial terms and conditions. The aggregate amount recognised since the date of appointment relating to company secretarial and accounting services was $126,109, $14,850 of which was outstanding at 30 June 2023.

There were no other related party transactions during the year.

26. Events Subsequent to Reporting Date

On 17 August 2023, Zelira announced the execution of the first definitive agreement for the HOPE-SPV funding of a US$3.25 million commitment. The key terms of the agreement is as follows:

Issuer	Zelira – Hope1, LLC
Securities	Convertible note – convertible into common stock at the purchaser's election
Note Amount	US$3,250,000: • Phase 1/2: US$1,888,000 • Phase 3/4 US$1,362,000
Note Interest Rate	10% paid in cash annually in arrears
Note Term	12 month each
Origination Fee	0.5%
Note Security	The Notes will be secured by a first ranking security over the assets of the SPV
Conditions of draw down	The remaining funds will draw down funds upon the achievement of the below milestones: • Execution of definitive agreements (achieved) • Enrolment of first patient (FPI) for either its Phase 1 or 2 Clinical Trial • Commencement its Phase 3 Clinical Trial • Enrolment of first patient (FPI) for its Phase 3 Clinical Trial
Use of funds	Zelira agrees to perform HOPE Phase 1/2 ($17,690,400) & Phase 3 ($14,067,200) clinical trials, exclusively with iNGENū CRO.
Convertibility Option	At the Purchasers' election during the term of the Convertible Note, the Purchasers may convert a portion or all their Convertible Note into a cumulative maximum of 4.23% of shares of the SPV's common stock (the "Conversion").
Conversion Terms	The Convertible Note converts on a fixed ratio per USD drawn down and the conversion price (the "Conversion Price") will be undertaken with no discount to the value in the SPV. Zelira holds 55% of the SPV and the cash investors with a cumulative investment of $34,557,600 shall hold 45% of the SPV.

The first tranche of US$1.069 million from the 2011 Forman Trust and Mr Malik Majeed was received on 17 August 2023.

Other than disclosed above, there are no events of a material nature or transaction, that have arisen since year end and up to the date of this report that have significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs, in future years.

27. Contingent Liabilities

Caziwell Licence Agreement

On 21 March 2017, Zelira entered into a licence agreement with Caziwell Inc (Caziwell), including Aunt Zelda's Inc (Caziwell Licence Agreement) pursuant to which Caziwell agreed to licence patient data concerning the medicinal properties of cannabis and cannabis infused products, including formulations and protocols (Existing Data), to Zelira for use in pre-clinical research and human clinical trials and related activities.

The material terms of the Caziwell Licence Agreement are as follows:

a. Payment of a royalty to Caziwell of 5% of net sales for products in the insomnia, eczema, breast and brain cancer fields developed using specific formulations outlined in the Caziwell Licence Agreement.

b. A one-off milestone fee of $250,000 payable within 7 days of the first dosage by a participant in a Clinical Trial for breast or brain cancer.

Other than as disclosed above, as at 30 June 2023 the Company did not have any contingent liabilities.

The directors of the company declare that:

1. In the directors' opinion, the financial statements and accompanying notes set out on pages 31 to 61 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards and the *Corporations Regulations 2001*; and

    b. give a true and fair view of the group's financial position as at 30 June 2023 and of its performance for the year ended on that date;

2. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

4. The directors have been given the declarations by the Chief Executive Officer (or equivalent) and Chief Financial Officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

This declaration is made in accordance with a resolution of the Board of Directors.

Dr Oludare Odumosu
Global Managing Director

Dated at Perth this 29 September 2023

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT

To the Members of Zelira Therapeutics Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Zelira Therapeutics Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* paragraph, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Intangible Assets Refer to Note 11	
As at 30 June 2023, the Group has a balance of $31,557,602 relating to intangible assets. Included in this balance is an amount of $30,747,083 relating to goodwill which was acquired as part of a business combination. The Group is required to test goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We consider this to be a key audit matter due to its importance to users' understanding of the financial statements, the degree of estimation involved in future cash flows, discount rates and other inputs to the value-in-use model and the degree of audit effort directed towards this area.	Our audit procedures included but were not limited to the following: – Critically evaluating management's methodology in the impairment model and the basis for key assumptions; – Assessing the value-in-use model for consistency with the requirements of Australian Accounting Standards; – Comparing forecast cash flows to the latest Board approved forecasts; – Considering the appropriateness of the discount rate used; – Comparing value-in-use to the carrying amount of assets comprising the cash-generating unit; – Performing sensitivity analysis around the key inputs used in the cash flow forecasts and the headroom impact on the model; – Reviewing the mathematical accuracy of the model; and – Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Zelira Therapeutics Limited for the year ended 30 June 2023 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
29 September 2023

ASX Additional Information

Additional information as required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 15 September 2023

Distribution of equity security holders (number of holders)

	1 – 1,000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 and over	Total
Fully Paid Ordinary Shares (ZLD)	8,219	669	84	82	19	9,073
Options – $12.25 13/11/23	-	-	-	-	1	1
Options – $17.50 20/01/24	-	-	-	1	-	1
Options – $17.50 22/10/25	-	-	-	2	-	2
Options – $26.25 22/10/25	-	2	1	2	-	5
Options – $35.00 22/10/25	-	-	-	1	-	1
Options – $43.75 22/10/25	-	2	1	2	-	5
Options – $49.00 22/10/25	-	-	-	1	-	1
Options – $52.50 22/10/25	-	2	1	3	-	6
Performance Rights Class B	-	-	-	16	-	16

There are 7,420 holders of shares holding less than a marketable parcel.

Quoted equity securities as at 15 September 2023

Equity Security	Quoted
Ordinary Shares	11,347,155

Voting rights

Ordinary shares carry one vote per share. There are no voting rights attached to the options in the Company.

Unquoted Securities as at 15 September 2023

Unquoted Securities	Number on Issue	Exercise Price	Expiry Date
Unquoted Options[1]	211,640	$12.25	13/11/2023
Unquoted Options[2]	228,311	$15.75	3/11/2023
Unquoted Options[3]	22,858	$17.50	20/01/2024
Unquoted Options[4]	29,144	$17.50	22/10/2025
Unquoted Options[5]	49,146	$26.25	22/10/2025
Unquoted Options[6]	17,715	$35.00	22/10/2025
Unquoted Options[7]	42,860	$43.75	22/10/2025
Unquoted Options[6]	17,715	$49.00	22/10/2025
Unquoted Options[8]	60,575	$52.50	22/10/2025
Performance Rights Class B	2,179,267	Converted into shares subject to the cumulative revenues from US based products exceeding US$2,500,000 prior to 19 December 2024	

Persons holding more than 20% of a given class of unquoted securities as at 15 September 2023:

1. *100% held by Tiga Trading Pty Ltd*
2. *100% held by Quincy Street Capital LLC*
3. *100% held by Rose Ann Scanlon*
4. *61% held by Dr Meghan Thomas, 31% held by Mr Adewale Adewunmi*
5. *41% held by Mr Rahul Ganesan, 36% held by Dr Meghan Thomas*
6. *100% held by Dr Meghan Thomas*
7. *47% held by Mr Rahul Ganesan, 27% held by Mr Adewale Adewunmi*
8. *33% held by Mr Rahul Ganesan, 29% held by Dr Meghan Thomas, 19% held by Mr Adewale Adewunmi*

Restricted equity securities as at 15 September 2023

There are no restricted securities under ASX restricted escrow.

Substantial shareholders as at 15 September 2023

The Company has been notified of the following substantial shareholdings:
Mr Malik Majeed

Twenty largest holders of quoted shares as at 15 September 2023

	Name	No. of Shares	%
1	MR MALIK MAJEED	1,134,644	10.00
2	QUINCY STREET CAPITAL LLC	456,622	4.02
3	OSAGIE IMASOGIE	393,168	3.46
3	MR ZOLTAN KEREKES	393,168	3.46
3	SHARRI J ROCHLIN <ROCHLIN FAMILY RESOURCE A/C>	393,168	3.46
6	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	383,725	3.38
7	MS LISA GRAY	381,988	3.37
8	MERA I LLC\C	332,479	2.93
9	MR TORSTEN M GEERS <THE TORSTEN M GEERS LIVING A/C>	307,454	2.71
10	MR STEVE SHAPIRO	302,571	2.67
11	MARA GORDON	252,242	2.22
12	UBS NOMINEES PTY LTD	160,689	1.42
13	MR SAUL SHORR + MRS MARGARET SHORR	151,285	1.33
14	DR CHANDA LATRICE MACIAS	146,479	1.29
15	MERA II LLC\C	133,372	1.18
16	CITICORP NOMINEES PTY LIMITED	132,506	1.17
17	OLUDARE ODUMOSU	131,766	1.16
18	MULLER CT PTY LTD <MULLER SUPER FUND A/C>	118,107	1.04
19	MR DANIEL HEXTER + MRS SHANNON HEXTER	103,389	0.91
20	GEERS EGAG LLC	85,715	0.76
	TOTAL	5,894,537	51.95

Stock Exchange

The Company is listed on the Australian Securities Exchange and has been allocated the code “ZLD”. The “Home Exchange” is Perth. Securities are also listed on the US OTCQB market under the code “ZLDAF”.

Other information

Zelira Therapeutics Limited, is incorporated and domiciled in Australia, and is a publicly listed company limited by shares.

On-market buy-back

There is no current on-market buy-back.

CHAIRMAN

Osagie Imasogie

MANAGING DIRECTOR

Dr Oludare Odumosu

NON-EXECUTIVE DIRECTORS

Tim Slate
Dr Donna Gentile O'Donnell

EXECUTIVE DIRECTOR

Greg Blake

COMPANY SECRETARY

Tim Slate

Principal & Registered Office

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Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000
Australia

Share Register

Computershare Investor Services Pty Ltd
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Perth WA 6000
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Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Securities Exchange Listing

Australian Securities Exchange (ASX) Code: ZLD
(Home Exchange: Perth, Western Australia)
OTCQB Venture Market (USA) Code: ZLDAF

Bankers

Westpac Banking Corporation
109 St Georges Terrace
Perth WA 6000
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Attorneys

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Corporate Governance Statement **www.zeliratx.com/corporate-governance**

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ZEL059 08-2023