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2022 ANNUAL REPORT

Zelira Therapeutics Ltd
ABN 27 103 782 378

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A pivotal year for Zelira

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2021



3 June 2021

Levin health licensing and management agreement signed to conduct chronic pain treatment clinical trial on retired athletes



15 June 2021

Zelira partners with Health House International via exclusive distribution agreement to launch CBD toothpaste in the United Kingdom



18 June 2021

Breakthrough research at Curtin University (Australia) demonstrates significant uptake of CBD into the brain



21 June 2021

Clinical trial results of Zelira's ZENIVOL® published in prestigious peer-reviewed journal SLEEP



12 July 2021

Zelira's US observational clinical pain trial receives IRB approval



23 September 2021

Zelira launches RAF FIVE™ Acne Treatment products through its dermatology focussed subsidiary



20 October 2021

Zelira raises US\$5 million from Quincy Street Capital LLC, a US-based family



3 November 2021

Zelira develops EDCDM technology for making free flow powder from cannabinoid distillate and signs new licensing deal

9 May 2022

Zelira, in partnership with CVSCM launched ITURA™ Advance Relief Cream



17 May 2022

HOPE® 1 results of longitudinal, real-world data (RWD) study in autism support safe and effective use



30 May 2022

Progressed arm one (enrolment of 20 patients) of a three-arm diabetic nerve pain drug trial, a head-to-head trial against a Big Pharmaceutical company's multi-billion dollar revenue drug



8 June 2022

ZENIVOL® results of longitudinal, RWD support its effectiveness in managing the treatment of insomnia



13 July 2022

ZENIVOL® receives formal BfArM approval in Germany



Total revenue in FY22 revenue was up 133% to \$1.54 million (FY21: \$0.66 million)



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's Rx business generates revenue from two proprietary medications, HOPE® and ZENIVOL®. The Company has two proprietary formulations under the HOPE® brand that are generating revenue in Australia, Washington, D.C., Pennsylvania and Louisiana.

Zelira is also generating revenue in Australia from its proprietary and patented ZENIVOL® – the world's first clinically validated cannabinoid drug for treatment of chronic insomnia. Zelira will also be expanding commercialisation of ZENIVOL® 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. The SprinJeneCBD toothpaste product is the first of several scientifically formulated, hemp-derived, oral care products containing cannabinoids, blackseed oil and zinc utilising proprietary and patented technology. 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 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.

The Company conducts its work in partnership with world-leading researchers and organisations which since inception includes Curtain University in Perth, Australia; the Telethon Kids Institute in Perth, Australia; the University of Western Australia, in Perth, Australia; St Vincent's Hospital in Melbourne, Australia; and the Children's Hospital of Philadelphia (CHOP) in the United States.

SIGNIFICANT EVENTS

At a Group level, fundraising values Zelira at

A\$122.8M

US\$5 million raised from US-based family office fund, Quincy Street Capital LLC

US\$3.5M A\$4.79M

US\$3.5 million (A\$4.79 million) via a placement of Zelira fully paid ordinary shares

US\$1.5M A\$2.05M

via an equity investment in Ilera Derm LLC (Zelira Dermatology) for a 3% shareholding in that company, valuing Zelira Dermatology at US\$50 million.



Australian operations remain a core and important part of the Company with world class clinical trials to continue to be conducted in Australia and managed by Australian-based employees.



Milestones of US based product sales exceeded US \$1 million thereby satisfying the Class A Performance rights held by Zelira directors and the original Ilera Therapeutics shareholders who have received 393,870,322 shares.



February 2021, Zelira announced management changes designed to strengthen the Company's focus on global markets, and in particular the US.



\$1.3 MILLION
January 2022, Zelira received \$1.3M cash refund under the Australian Federal Government's R&D Tax Incentive Scheme

175:1 CAPITAL CONSOLIDATION
In April 2022, Zelira completed a consolidation of its issued securities on a 175:1 basis

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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.

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Global Markets Strategy

US, Australia, UK and EU footprint to rapidly access the largest, most profitable & fastest growing cannabis markets.



Clinical Validation Focus

Leading pipeline of products in clinical development for insomnia, chronic pain and autism.



Global Product Launch

Portfolio of branded, validated products launched globally.



Revenue Generating

Multiple revenue streams from licensing payments, royalties and direct commercialization.



Premium Product

Manufacturing Partner-EU GMP Certified.



Fast Tracking Commercialization

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



Rx & OTC Development and Commercialization strategies

Products developed from Cannabis are Rx, requiring a physician intervention.

Mid/long term revenue.

Products developed from hemp are OTC, as such direct to consumer.

Immediate to mid/long term revenue.

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1

Launch & Learn
Rx

Autism
Aged disorders
Insomnia



2

Oral Health
OTC

Toothpaste
Additional Products, 2022 Launch



3

Dermatology
OTC

Five acne treating
products launched 2021



4

Clinical Trials
Rx

Insomnia
Opioid Sparing
Autism



5

Pharma
Rx

Pain
GI





Launch

- Generate proprietary formulations
- Launch products in global markets
- Rapid path to revenues
- Low Capex model



Learn

- Collect real-world patient data
- Refine product to meet patient needs
- Real-time response to market




Develop





- Patient data informs and de-risks design of clinical trial
- 43% costs reimbursable via Australian R&D rebate program
- Supports path to registration

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RECENT MILESTONES

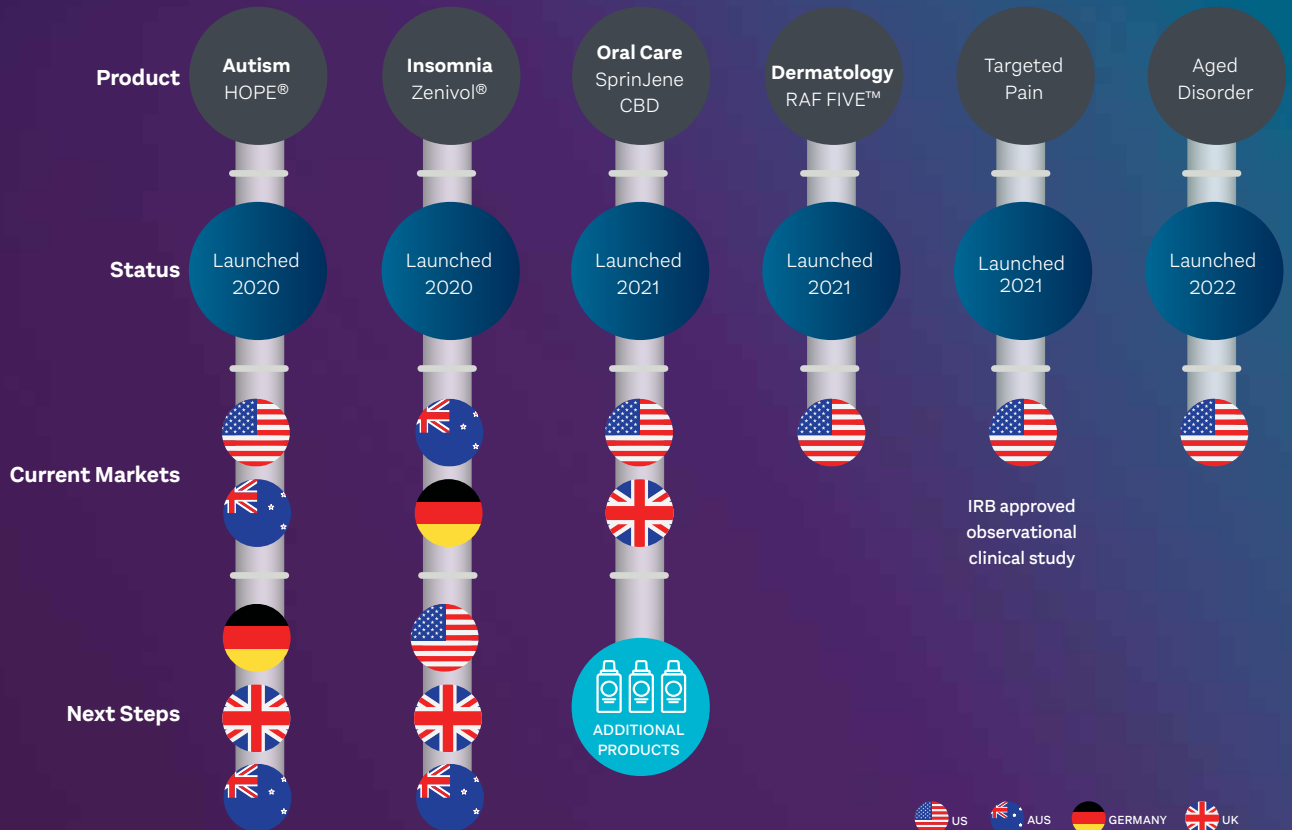
- 
Successfully launched multiple new products



- 
Achieved further clinical validation milestones


- 
Expanded geographical footprint into highly regulated markets


- 
Revenue up 132% to \$1.5 million (FY21: \$0.7 million)

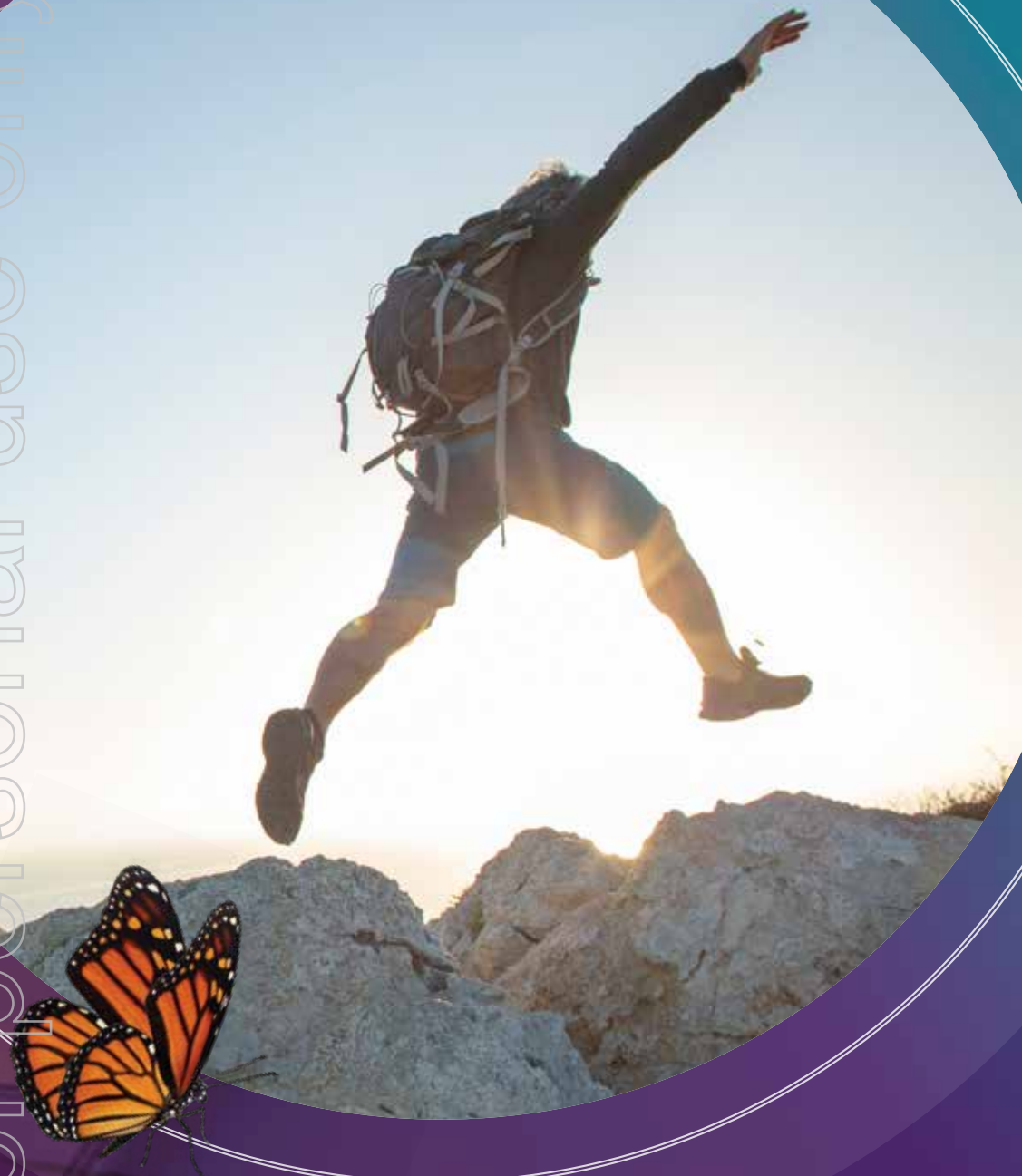
- 
Successfully raised US\$5 million from US fund, Quincy Street Capital LLC, at a 54% premium to the share price at the time, to accelerate growth initiatives


PIPELINE



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Letter from the Chairman

Dear Shareholders

I am pleased to share with you our 2022 Annual Report.

Financial year 2022 has been a significant year of progress for Zelira, delivering and exceeding on the clear growth objectives set by our board and senior management team.

The Company achieved several major milestones on our 'multiple shots on goal' strategy, including entering new global markets, launching new products, advancing clinical validation of key proprietary medications, as well as successfully raising capital to fund the significant growth opportunities we see for our business.

Our 'multiple shots on goal' strategy across products and geographies is key to our value proposition. Not only does it provide upside and revenue opportunities, it also de-risks our business. The diversification we have achieved to date has ensured that we are not reliant on any one contract or agreement. We remain very committed to our 'multiple shots on goal' strategy and know it places Zelira in a strong position to continue the Company's growth trajectory.

Globally, we expanded into two new regions, New Zealand and Germany, both highly regulated markets. Germany is one of the world's largest and fastest growing markets for cannabinoid medicines and one of the highest quality global regulatory markets for pharmaceuticals. We entered into an exclusive distribution agreement with commercialisation partner, Adjupharm GmbH, to market ZENIVOL® in Germany. Subsequently, ZENIVOL® has received formal approval by German regulatory authority, BfArM, a necessary and major milestone for Zelira to enter the German market. Given the highest quality regulatory standards of Germany, this is significant achievement and supports Zelira's progress activities to licence ZENIVOL® into other global markets.

Clinical validation remains core to our growth strategy, and we achieved significant milestones on our leading pipeline of products for autism, insomnia and chronic pain. We announced positive longitudinal, real-world data trial results for both HOPE® 1 (autism) and ZENIVOL® (insomnia), with both results further supporting the effectiveness of each medication.

I would like to thank my fellow Directors for their dedication and commitment over the past 12 months. I would also like to thank Jason Peterson and Harry Karelis, who both resigned from the Board during FY22, for their advice and support and wish them well for their future endeavours.

I would also like to mention and thank our Global Managing Director and CEO, Oludare Odumosu, who has led the business through a challenging and rewarding 12 months. Together with our excellent team, they have driven Zelira to its strongest ever operational outcome that places the Company in a solid position to continue its growth trajectory.

Lastly, I would like to thank our shareholders for their on-going support and investment in Zelira. We have an exciting 12 months ahead, and we look forward to updating you on the Company's progress as we move forward.

Osagie Imasogie
Chairman



Letter from the Global CEO & Managing Director

Dear Shareholders

I am pleased to present the 2022 Annual Report.

Zelira Therapeutics Limited achieved a number of significant milestones during the 2022 financial year, delivering positive progress on our 'multiple shots on goal' strategy and growth ambitions. I am very proud of the milestones achieved across our key focus areas, including advances in clinical validation, increased product commercialisation and global footprint expansion.

The substantial progress achieved over the last 12 months could not have been possible without the unwavering support from our key stakeholders, including our committed team, engaged customers, aligned distribution partners, committed research partners and loyal shareholders.

Whilst numerous operational initiatives are highlighted in the Directors' report, I would like to focus on the following key milestones:

- In September 2021, Zelira expanded into Germany via an exclusive distribution agreement with Adjupharm GmbH to market ZENIVOL®. This distribution agreement provides access to one of the world's largest and fastest growing markets for cannabinoid medicines and expands on Zelira's global commercialisation strategy to grow the pharmaceutical (Rx) portfolio. Post financial year end, in July 2022, Zelira received formal approval from the German regulatory authority, BfArM, for the commercialisation of ZENIVOL® in Germany by Adjupharm GmbH.

- In September 2021, Zelira launched RAF FIVE™ acne treatment products in the US through the Company's dermatology subsidiary. The RAF FIVE™ acne treatment products were created to meet the growing demand for differentiated, effective acne treatment. RAF FIVE™ consists of five acne treatments using proprietary formulation incorporating CBD.
- In December 2021, Zelira expanded into New Zealand via an exclusive distribution agreement with NUBU Pharmaceuticals for ZENIVOL® and HOPE®, further supporting Zelira's global commercialisation strategy to grow its pharmaceutical (Rx) portfolio.
- In May 2022, Zelira announced the positive results from its HOPE® 1 longitudinal, real-world data study in autism spectrum disorder, which supported its safe and effective use.
- In June 2022, Zelira announced the positive results from its ZENIVOL® longitudinal, real-world data study, which supported its effectiveness in treating insomnia.

FY22 revenue of \$1.54 million (compared to \$0.66 million in FY21) reflects sales of HOPE® 1 and ZENIVOL® in Australia, SprinjeneCBD toothpaste, Rx (THC products) sales, commencement of sales of RAF FIVE™ (OTC Acne products), and product licensing fees from Enhanced distillate capture and dissolution matrix (EDCDM) proprietary technology which moving forward will go by the brand name 'Zyraydi' technology.

The \$12.4 million loss after tax reflects an increase in operating costs as we rapidly build our portfolio of both Rx products and Hemp derived CBD-based biopharmaceutical products for future revenue generation. The loss also reflects a \$1.5 million provision for doubtful debts for the short-term loan facility provided to Health House for working capital purposes. This transaction is not proceeding and we are optimistic the loan will be repaid.

In addition to clinical validation and commercialisation achievements, we also successfully raised additional capital to support our growth objectives:

- In August 2021, we completed an A\$8.75 million placement, with demand exceeding twice that of the placement;
- In October 2021, we raised an additional US\$5 million from US family office fund, Quincy Street Capital LLC, at a substantial premium to the then trading price. The premium achieved highlighted the significant value this sophisticated investor sees in our scientifically based cannabinoid products that are already in market and coming to market, as well as our growing biopharmaceutical portfolio.

We remain committed to further progressing our strategic growth initiatives in the coming year. I am very excited by the positive prospects of the products already in market, the new markets we have entered including Germany (having recently received regulatory approval for ZENIVOL®) and our plan to launch several new products over the next 12 months.

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.

Oludare Odumosu
Global CEO & Managing Director



Your directors present their report on Zelira Therapeutics Limited (**Zelira** or **the Company**) for the financial year ended 30 June 2022.

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
Lisa Gray	Non-Executive Director
Tim Slate	Non-Executive Director (appointed 31 January 2022)
Harry Karelis	Deputy Chairman (resigned 12 May 2022)
Jason Peterson	Non-Executive Director (resigned 31 January 2022)

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. 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. 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's Rx business generates revenue from two proprietary medications, HOPE® and ZENIVOL®. The

Company has two proprietary formulations under the HOPE® brand that are generating revenue in Australia, Washington, D.C., Pennsylvania and Louisiana.

Zelira is also generating revenue in Australia from its proprietary and patented ZENIVOL® – the world's first clinically validated cannabinoid drug for treatment of chronic insomnia. Zelira will also be expanding commercialisation of ZENIVOL® into New Zealand and 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. The SprinJeneCBD toothpaste product is the first of several scientifically formulated, hemp-derived, oral care products containing cannabinoids, blackseed oil and zinc utilising proprietary and patented technology. 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 has developed Enhanced Distillate Capture and Dissolution Matrix (EDCDM) technology that solves the problem of non-uniformity and separation of cannabinoid form power bed, opening new ways to develop pharmaceutical grade solid oral dosage forms such as capsules and tablets. The brand name will be 'Zyraydi' under which Zelira will continue to assess opportunities for commercialisation of this technology.

The Company conducts its work in partnership with world-leading researchers and organisations which since inception have included Curtin University in Perth, Australia; the Telethon Kids Institute in Perth, Australia; the University of Western Australia, in Perth, Australia; St Vincent's Hospital in Melbourne, Australia; and the Children's Hospital of Philadelphia (CHOP) in the United States.

Results

A summary of the operating results for the year ended 30 June 2022 is as follows:

- Loss after tax was (\$12,413,518) representing a 45% increase on FY2021 (\$8,549,079). 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 (\$9,427,224) representing an 9% increase on FY2021 (\$8,616,584).

The table below sets out summary information about the consolidated entity's earnings and movement in shareholder wealth for the five years to 30 June 2022.

		30 June 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
EBITDA ¹	\$	(11,824,975)	(8,074,824)	(6,740,368)	(3,657,941)	(1,868,375)
Net profit/(loss) before tax	\$	(12,413,518)	(8,549,079)	(7,015,045)	(3,567,802)	(1,729,806)
Net profit/(loss) after tax	\$	(12,413,518)	(8,549,079)	(7,015,045)	(3,567,802)	(1,729,806)
Share price at start of year ²	cps	4.3	4.3	4.0	9.0	7.4
Share price at end of year ²	cps	0.97	4.3	4.3	4.0	9.0
Basic loss per share (cents per share) ²	cps	(154.35)	(0.73)	(0.83)	(0.47)	(0.23)
Diluted loss per share (cents per share) ²	cps	(154.35)	(0.73)	(0.83)	(0.47)	(0.23)
Return on Capital	cps	(0.29)	(0.23)	(0.27)	(0.26)	(0.12)

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 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
						\$
Net profit/(loss) after tax	\$	(12,413,518)	(8,549,079)	(7,015,045)	(3,567,802)	(1,729,806)
Interest	\$	-	-	(374)	90,139	138,569
Depreciation and amortisation	\$	588,543	474,255	275,051	-	-
EBITDA ¹	\$	(11,824,975)	(8,074,824)	(6,740,368)	(3,657,941)	(1,868,375)

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 a number of significant events and achievements made by Zelira throughout the 2022 financial year, delivering positive progress on the Company's Launch, Learn and Develop strategy and growth ambitions:

Launch Events and Achievements:

1. Expansion into Germany via exclusive distribution agreement with Adjupharm for ZENIVOL®

In September 2021, Zelira expanded into Germany via a 5-year exclusive distribution agreement with IM Cannabis Corp.'s ("IMC") (CSE:IMCC)(NASDAQ:IMCC) German-based subsidiary Adjupharm, an EU GMP-certified medical cannabis distributor. This distribution agreement is the first outside of the US and Australia for Zelira's growing Pharmaceutical (Rx) products.

Adjupharm will file for formal German government reimbursement for its sales of ZENIVOL®. If received, this will be the first time a Zelira Pharmaceutical (Rx) product will receive formal government reimbursement.

Post balance date achievement: ZENIVOL® achieves major milestone with formal regulatory approval received in Germany

In July 2022, Zelira announced that ZENIVOL® 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).

This approval is a necessary and major milestone for Zelira to enter Germany – one of the world's largest markets for cannabinoid-based medicines and Europe's largest market – via its 5-year exclusive distribution agreement with Adjupharm (announced in September 2021). This approval will expand the availability of ZENIVOL®, Zelira's clinically validated cannabinoid-based insomnia medication, beyond Australia for the first time.

2. Launched RAF FIVE™ acne treatment products through dermatology focused subsidiary

In September 2021, Zelira launched its five-product RAF FIVE™ acne treatment line in the US through its dermatology subsidiary Ilera Derm LLC ("Zelira Dermatology"). RAF FIVE™ is the only skin care line in the world to feature Zylorma®, a patent-pending acne fighting complex developed by Zelira in partnership with Harvard-

trained, Beverly Hills cosmetic dermatologist Dr. Karyn Grossman and noted drug development chemist and executive Dr. Brian Warrington.

3. Successfully demonstrated enhanced dissolution of cannabinoids using Zelira's enhanced distillate capture and dissolution matrix (EDCDM) and signed a foundation licensing deal for this proprietary technology

In November 2021, Zelira announced that it had successfully demonstrated enhanced dissolution of cannabinoids using its enhanced distillate capture and dissolution matrix (EDCDM), and signed a foundation licensing deal for this proprietary technology with DRCN Holdings that included an upfront non-refundable, non-contingent licensing fee of US\$1 million. As announced in June 2022, Zelira has received US\$500,000 before both parties mutually agreed to terminate the licensing agreement.

Zelira's EDCDM technology creates the capacity to capture distillate in a unique and proprietary matrix. The enhanced dissolution characteristics of Zelira's EDCDM technology (brand name 'Zyraydi') provides an opportunity for rapid commercialisation opportunities.

4. Expansion into New Zealand via exclusive distribution agreement with NUBU Pharmaceuticals for ZENIVOL® and HOPE®

In December 2021, Zelira expanded into New Zealand via a 5-year exclusive distribution agreement with NUBU Pharmaceuticals ("NUBU"), New Zealand's largest medicinal cannabis distribution company. This distribution agreement expands the availability of ZENIVOL® beyond Australia and Germany, and HOPE® 1 beyond Australia and the United States, into the highly regulated and tightly held New Zealand market, further expanding Zelira's global footprint for its Rx business.

NUBU will be filing for formal New Zealand government registration with the Ministry of Health NZ for both ZENIVOL® and HOPE®.

5. Successful launch of ITURA™ Advance Relief Cream with Cardiovascular Solutions of Central Mississippi (CVSCM)

In May 2022, Zelira launched a new product ITURA™ through its partnership with CVSCM. ITURA™ is an Advanced Relief Cream formula using CBD and Hemp Spectra Technology that targets multi-symptoms such as numbness and tingling, muscle cramps, insensitivities and neuropathies including pain associated with Peripheral Artery Disease and diabetes.

CVSCM has exclusive marketing rights to the USA market

and Zelira retains rights for all other markets, ex-USA.

Learn & Develop Events and Achievements:

1. Successfully supported Levin Health's receipt of ethics approval for Phase 2A clinical trial for chronic pain

In December 2021, Zelira announced it had successfully project managed ethics approval for a Phase 2a clinical trial to evaluate the efficacy of its licensed patented cannabinoid formulation, ZTL-106, in treating patients with chronic pain. Levin Health licensed ZTL-106 from Zelira and are the sponsors of the trial being undertaken at La Trobe University's Sport and Exercise Medicine Research Centre (Melbourne, Australia).

This outcome highlights Zelira's ability to design and have approved clinical trials with medicinal cannabis products.

2. Zelira US observational clinical pain trial receives Institutional Review Board (IRB) approval

In July 2021, Zelira obtained IRB approval for its 12-week Observational Clinical Study to evaluate the efficacy, safety and tolerability of its proprietary, patent protected product against a multi-billion-dollar Big Pharmaceutical company drug.

Zelira confirmed it had successfully navigated a unique regulatory path for this trial and remains committed to validating proprietary products such as ZENIVOL® via regulatory registration.

In May 2022, Zelira completed the enrolment of 20 patients in the diabetic nerve pain drug trial, representing the first of three arms in the multi arm head-to-head IRB approved trial against Big Pharmaceutical company's multi billion-dollar revenue drug.

3. Clinical trial results of Zelira's Phase 1 published in the peer-reviewed journal "Pain and Therapy"

In December 2021, St Vincent's Hospital Melbourne (SVHM) research team published the results from its Phase 1 open label study that examined the pharmacokinetics, safety and tolerability of escalating doses of a medicinal cannabis product in patients with chronic non-cancer pain. *Pain And Therapy* is an international, peer-reviewed publication dedicated to the publication of high-quality clinical research around the discovery, development and use of pain therapies and pain-related devices.

The publication of these trial results is further testament of Zelira's commitment to producing the highest quality, evidence-based cannabinoid medicines.

4. Results of HOPE® 1 longitudinal, real-world data study supports the safe and effective use in autism spectrum disorder (ASD)

In May 2022, Zelira published a white paper detailing the analysis of a longitudinal, real-world data trial generated from patients using HOPE® 1.

The results of the longitudinal, real-world data study from 45 patients with ASD using HOPE® 1 supports the safe and effective use of our product. An effective dosing range was established for both paediatrics and adult ASD patients based on the results of the study. The data will be used to support the design of future interventional clinical trials with HOPE® 1.

5. Completed enrolment of 20 patients in the diabetic nerve pain drug trial, representing the first of three arms in the multi arm head-to-head trial against Big Pharmaceutical company's multi billion-dollar revenue drug

In May 2022, Zelira completed the enrolment of the first investigative drug arm of its Institutional Review Board (IRB) approved pain drug trial study.

This trial will evaluate the efficacy, safety and tolerability of Zelira's proprietary, patent protected product against a multi-billion-dollar Big Pharmaceutical drug. This is a very significant milestone for the trial, designed as a multi arm head-to-head comparison of 60 subjects with 20 subjects in each arm, powered to show statistical difference. A total of 20 patients in the investigative drug arm have been completely enrolled, with clinical trial results expected by the end of 2022 calendar year.

6. Results of ZENIVOL® longitudinal, real-world data study supports effectiveness in managing treatment of insomnia

Zelira published a white paper detailing the analysis of longitudinal, real-world data from 94 patients using ZENIVOL®. The results support ZENIVOL®'s effectiveness as a therapeutic option to manage chronic insomnia symptoms. An effective dosing range was established based on the results of the study. The data will be used to support the design of future interventional clinical trials with ZENIVOL®.

Other Events and Achievements:

Pershing Securities trading restrictions for cannabis companies lifted

In July 2021, following the change in ownership of Pershing Australia from Bank of New York Mellon (BNYM) to Finclear Pty Ltd, the ‘BNYM Cannabis Securities Policy’ that prohibited clients, including a large proportion of Australian brokers, dealing in Cannabis related businesses listed on ASX was lifted and clients of Pershing are now able to trade in such securities. This change restored the ability for a large proportion of Australian brokers and investors to invest in the Company.

Capital management achievements significantly strengthening the balance sheet

In October 2021, Zelira raised a total of US\$5 million from Quincy Street Capital LLC (Quincy Street), a US-based family office fund. Following the fundraising, Quincy Street became a substantial shareholder in Zelira with a 6.3% shareholding. At a Group level, the fundraising valued Zelira at A\$122.8 million. The funds raised are being utilised to accelerate Zelira’s growth initiatives, including:

- Clinical development and ongoing trials in Australia and the US
- Additional licensing for Zelira Rx products and technologies
- Commercialisation of RAF FIVE™ products with a focus on rapid market penetration
- Expansion of Zelira’s SprinjeneCBD footprint in the US and emerging global CBD markets

In January, 2022 Zelira received \$1.2 million cash R&D tax incentive, under the Australian Federal Government’s R&D Tax Incentive Scheme. The funds received are being used to support Zelira’s portfolio of products launched into global markets and to advance its ongoing clinical development programmes.

In March 2021, Zelira simplified the Company’s capital structure via a 175:1 share consolidation. The share consolidation was undertaken to not only simplify the Company’s capital structure but broaden investor pool as well as generate register saving efficiencies.

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

There are no events of a material nature or transaction, that have arisen since year end and the date of this report that has significantly affected, or may significantly affect, the Group’s operations, the results of those operations, or its state of affairs.

Future Developments

Zelira is committed to delivering on the ‘multiple shots on goal’ growth strategy across multiple products, distribution channels and geographies. Having gained access to two key additional markets in financial year 2022, Germany and New Zealand, Zelira is focused on extending market penetration of products in market as well as further commercialisation of new products.

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

Director’s Meetings		
Director	Eligible	Attended
Osagie Imasogie	5	5
Oludare Odumosu	5	5
Lisa Gray	5	5
Tim Slate	-	-
Harry Karelis	5	5
Jason Peterson	3	3

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Information on Directors

Osagie Imasogie	
Appointed	2 December 2019
Qualifications	<p>Post-graduate degrees from the University of Pennsylvania Law School and the London School of Economics.</p> <p>Trustee of the University of Pennsylvania, a member of the Executive Committee and former Chairman of the Budget & Finance Committee of the University.</p> <p>Chairman of the Board of the University of Pennsylvania Law School - Adjunct Professor of Law.</p>
Experience	<p>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.</p> <p>Mr. Imasogie has held senior legal, commercial and R&D positions within pharmaceutical companies such as GSK, SmithKline, DuPont Merck and Endo, where he was the founding General Counsel and SVP for Corporate Development. Osagie has also been a Price Waterhouse Corporate Finance Partner as well as a practicing attorney with a leading US Law Firm.</p>
Interest in Shares	428,883
Options	-
Performance Rights	335,093 Class B Performance Rights

Dr Oludare Odumosu	
Appointed	2 December 2019
Qualifications	<p>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.</p> <p>BS in Biology from Calvin College in Grand Rapids, Michigan.</p> <p>World Bank Institute Certified public health professional.</p>
Experience	<p>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.</p> <p>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 commercialization 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.</p> <p>His transition to Chief Scientific Officer/EVP Pharmaceutical Division resulted in a series of product development partnerships and the successful creation of Ilera Therapeutics.</p>
Interest in Shares	131,766
Options	142,857 unlisted options exercisable at various prices on or before 3 August 2023 subject to vesting conditions.
Performance Rights	100,333 Class B Performance Rights

Lisa Gray	
Appointed	2 December 2019
Qualifications	Bachelor of Science in Accountancy from Villanova University MBA in Finance from Penn State University Post-Graduate Degree in Marketing Management
Experience	<p>Lisa Gray CPA, CVA has experience in finance, marketing, business development, and operations primarily within the pharmaceutical industry. Lisa was Co-Founder and Vice Chair of Ilera Healthcare, a vertically integrated Grower, Processor and Dispenser of Medicinal Marijuana in Pennsylvania, and was a lead on the sale of this business.</p> <p>Lisa is also the Co-Founder and Managing Partner of PIPV Capital, a Private Equity firm focused on building companies in life sciences, where she manages the financial aspects of the firm and portfolio, generates and leads investments, manages investor communications, and acts as Board Member CEO, CFO, and/or plays various management roles, as necessary, for portfolio companies. Lisa has previously served as COO for GlaxoSmithKline ("GSK") Pharmaceuticals Ventures, a pharmaceutical venture fund, as well as other operations and transactions roles over 13 years with GSK. Prior to joining GSK, Lisa was a management consultant and auditor with Coopers & Lybrand.</p>
Interest in Shares	381,988
Options	-
Performance Rights	335,093 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 ten years' experience in chartered accounting.
Interest in Shares	7,881
Options	-
Performance Rights	-

Harry Karelis	
Appointed	17 November 2016
Resigned	12 May 2022
Qualifications	Bachelors and Honours in Science majoring in Biochemistry and Microbiology. Masters of Business Administration from the University of Western Australia. Master of Cyber Security Operations from the University of New South Wales/Australian Defence Force Academy Fellow of the Financial Services Institute of Australia. Fellow of the Australian Institute of Company Directors. Chartered Financial Analyst (CFA) from the CFA Institute in the United States.
Experience	Mr Harry Karelis is the Chairman of Gemelli Group, a privately held investment group involved in a range of projects and has in excess of 28 years diversified experience in the financial services sector including fundamental analysis, funds management and private equity investing and has been involved in numerous cross border activities across a number of countries.
Interest in Shares	-
Options	-
Performance Rights	-

Jason Peterson	
Appointed	17 November 2016
Resigned	31 January 2022
Qualifications	Bachelor of Commerce (Curtin University) Graduate Diploma of Finance from FINSIA (Financial Services Institute of Australia)/SDIA (Securities & Derivatives Institute of Australia).
Experience	Mr Jason Peterson is Managing Director, major shareholder and Head of Corporate of boutique stock broking and corporate finance firm, CPS Capital and has more than 25 years of experience in the finance sector, which he obtained by working in both local and international stockbroking companies. He specialises in corporate structuring, capital raisings, corporate and strategic advice to small and medium size companies in addition to reverse takeovers.
Interest in Shares	-
Options	-
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	Dr Odumosu does not hold any Directorships in other listed companies	
Lisa Gray	Ms Gray does not hold any Directorships in other listed companies	
Tim Slate	Protean Ltd Syntonic Ltd	October 2020 – Present November 2020 - Present
Harry Karelis	Mr Karelis does not hold any Directorships in other listed companies.	
Jason Peterson	Mr Peterson does not hold any Directorships in other listed companies.	

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 2022. 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
- Lisa Gray
- Tim Slate (appointed 31 January 2022)
- Harry Karelis (resigned 12 May 2022)
- Jason Peterson (resigned 31 January 2022)

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	<p>a. Executive salary of US\$300,000 per annum; and</p> <p>b. Bonus payable on achievement of revenue targets, to a maximum bonus of 30% of base salary</p> <p>c. Options package (shareholder approval obtained on 21 July 2020):</p> <ul style="list-style-type: none"> • 28,572 @ 17.50 cents per share (vesting immediately) • 28,572 @ 26.25 cents per share (vest and capable of exercise on 2 December 2020) • 28,572 @ 35.00 cents per share (vest and capable of exercise on 2 December 2020) • 28,572 @ 49.00 cents per share (vest and capable of exercise on 2 December 2021) • 28,572 @ 52.50 cents per share (vest and capable of exercise on 2 December 2021) <p>Options expiry: 11 August 2023</p> <ul style="list-style-type: none"> • Either the Company or Dr Odumosu may terminate the engagement at any time without cause or 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 2022 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.

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

2022 Financial Year							
Key Management Person	Primary		Bonus (\$)	Post Employment Superannuation Contribution (\$)	Equity Based Remuneration Total (\$)	Remuneration Total (\$)	Proportion of Remuneration Performance Related %
	Salary & Fees (\$)	Non Monetary (\$)					
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 \$0.068.

(2) Options fully vested by 2 December 2021. Fair value at grant date - \$0.0096 to \$0.0195. Options expire on 11 August 2023 and have been fully expensed in the current period.

2021 Financial Year							
Key Management Person	Primary		Bonus (\$)	Post Employment Superannuation Contribution (\$)	Equity Based Remuneration Total (\$)	Remuneration Total (\$)	Proportion of Remuneration Performance Related %
	Salary & Fees (\$)	Non Monetary (\$)					
Osagie Imasogie	144,000	-	-	-	65,913	209,913	31.40
Harry Karelis	120,000	-	-	-	145,527	265,527	54.80
Oludare Odumosu	318,484	-	53,248	-	187,885	559,618	42.00
Jason Peterson	36,000	-	-	-	145,906	181,906	80.20
Lisa Gray	36,000	-	-	-	65,913	101,913	64.67
Richard Hopkins	324,617	-	20,000	32,713	145,147	522,477	31.00
Totals	979,101	-	73,248	32,713	756,291	1,841,354	41.07

Performance Based Remuneration

Performance Rights

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

Shares Issued to Key Management Personnel on Exercise of Options

No key management personnel exercised options during the years ended 30 June 2022 or 30 June 2021.

Shareholdings of Key Management Personnel

Number of shares held by Directors and Executives during the year as follows:

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.

2021 Financial Year						
	Balance 01/07/2020	Options Exercised	Granted as remuneration	At Appointment/ (Resignation)	Net Change Other	Balance 30/06/2021
Osagie Imasogie	16,413,065	-	-	-	-	16,413,065
Harry Karelis	49,587,680	-	-	-	-	49,587,680
Oludare Odumosu	5,500,655	-	-	-	-	5,500,655
Jason Peterson	74,593,965	-	-	-	-	74,593,965
Lisa Gray	16,413,065	-	-	-	(8,206,500) ⁽¹⁾	8,206,565
Richard Hopkins	700,000	-	1,000,000	(1,700,000)	-	-

(1) During the year Ms Gray disposed of 8,206,500 fully paid ordinary shares in an off-market trade to a Family Trust which she does not hold a beneficial interest.

Option Holdings of Key Management Personnel

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.

2021 Financial Year						
	Balance 01/07/2020	Options Granted as Remuneration	Options Acquired	At Appointment/ (Resignation)	Balance 30/06/2021	Number vested and exercisable
Osagie Imasogie	-	-	-	-	-	-
Harry Karelis	6,000,000	-	-	-	6,000,000	6,000,000
Oludare Odumosu	25,000,000	-	-	-	25,000,000	15,000,000
Jason Peterson	8,000,000	-	-	-	8,000,000	8,000,000
Lisa Gray	-	-	-	-	-	-
Richard Hopkins	25,000,000	-	-	(25,000,000)	-	-

Performance Rights Holdings of Key Management Personnel

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.

2021 Financial Year						
	Balance 01/07/2020	Performance Rights Granted	Acquired	At Appointment/ (Resignation)	Balance 30/06/2021	Number vested and exercisable
Osagie Imasogie	104,782,456	12,500,000 ⁽¹⁾	-	-	117,282,456	117,282,456
Harry Karelis	12,500,000	-	-	-	12,500,000	12,500,000
Oludare Odumosu	35,116,656	-	-	-	35,116,656	35,116,656
Jason Peterson	12,500,000	-	-	-	12,500,000	12,500,000
Lisa Gray	104,782,456	12,500,000 ⁽¹⁾	-	-	117,282,456	117,282,456
Richard Hopkins	12,500,000	-	-	(12,500,000)	-	-

(1) Approved for issue at the General Meeting on 17 September 2020

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 \$15,000 (2021: \$nil) 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 \$66,281, \$nil of which was outstanding at 30 June 2022.

CPS Capital Pty Ltd, a company of which Mr Jason Peterson is a Director, charged the Company director fees of \$21,000 (2021: \$36,000) and provided corporate advisory services to the Company during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to corporate advisory services was \$48,000 (30 June 2021: \$48,000) and capital raising fees of \$nil (30 June 2021: \$nil), \$nil of which was outstanding at 30 June 2022 (30 June 2021: \$7,000).

Gemelli Nominees Pty Ltd, a company of which Mr Harry Karelis is a Director, charged the Company director fees of \$110,000 (2021: \$120,000). No amount relating to consultancy services was recognised during the year and \$nil was outstanding at year end.

Voting of shareholders at last year's annual general meeting

Zelira Therapeutics Limited received 97% of "yes" votes on its remuneration report for the 2021 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
11,429	27 September 2019	27 September 2022	\$21.00	\$0.0143	27 September 2019
28,572	11 August 2020	11 August 2023	\$17.50	\$0.0195	11 August 2020
28,572	11 August 2020	11 August 2023	\$26.25	\$0.0156	2 December 2020
28,572	11 August 2020	11 August 2023	\$35.00	\$0.0130	2 December 2020
28,572	11 August 2020	11 August 2023	\$49.00	\$0.0102	2 December 2021
28,572	11 August 2020	11 August 2023	\$52.50	\$0.0096	2 December 2021
22,858	11 September 2020	11 September 2023	\$17.50	\$0.0151	9 November 2020
22,858	11 September 2020	11 September 2023	\$26.25	\$0.0114	9 November 2021
22,858	11 September 2020	11 September 2023	\$35.00	\$0.0090	9 November 2021
22,858	11 September 2020	11 September 2023	\$49.00	\$0.0066	9 November 2022
22,858	11 September 2020	11 September 2023	\$52.50	\$0.0062	9 November 2022
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

On 22 October 2021, the Company announced the issue of 15,500,000 options under the Employee Share Options Plan ("ESOP") and 22,500,000 under the US ESOP. The ESOP is intended as an incentive for executives and employees to share in the ownership of Zelira.

On 16 January 2022, 7,661,667 options with an exercise price of \$0.10 expired. On 19 February 2022, 25,000,000 options with an exercise price of \$0.10, \$0.15, \$0.20, \$0.28 and \$0.30 expired. No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

On 12 April 2022, shareholders approved that the issued capital of the Company be consolidated on the basis that:

- a. every 175 shares be consolidated into one (1) share;
- b. every 175 options be consolidated into one (1) option; and
- c. every 175 performance shares be consolidated into one (1) performance share

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, 31 August 2022



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 2022, 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.

A handwritten signature in black ink, appearing to read 'B G McVeigh'.

**Perth, Western Australia
31 August 2022**

**B G McVeigh
Partner**

hl**b.com.au**

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

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Consolidated Statement of Comprehensive Income For the year ended 30 June 2022

	Notes	2022 (\$)	2021 (\$)
Continuing operations			
Revenue	3	1,540,624	663,316
Cost of sales		(939,054)	(228,222)
Gross profit		601,570	435,094
Finance income		10,595	723
Other income	4	1,342,239	1,428,338
Compliance and regulatory expenses		(439,153)	(380,500)
Consultants and professional fees		(3,207,901)	(2,091,794)
Administration expenses		(349,240)	(338,784)
Director and employee expenses		(3,037,338)	(2,848,092)
Travel and accommodation expense		(80,703)	(59,022)
Share based payments		(2,691,702)	(1,303,622)
Research and development		(1,396,694)	(2,081,085)
Commercialisation expenses		(715,237)	(510,065)
Depreciation and amortisation expense		(588,543)	(474,255)
Finance costs		(53,848)	(42,627)
Other expenses		(230,516)	(108,304)
Provision for doubtful debts	13	(1,510,000)	-
Changes in fair value of financial assets at fair value through profit or loss	12	(67,047)	(175,084)
(Loss) from continuing operations before income tax expense		(12,413,518)	(8,549,079)
Income tax expense	5	-	-
(Loss) for the year		(12,413,518)	(8,549,079)
Loss attributable to minority interests		(468,215)	-
Loss attributable to members of the parent entity		(11,945,303)	(8,549,079)
		(12,413,518)	(8,549,079)
Other Comprehensive Income			
<i>Items that may be reclassified to the profit or loss</i>			
Foreign currency translation		(319,497)	(50,165)
Total Comprehensive (Loss) for the Year		(12,733,015)	(8,599,244)
(Loss) per share:			
Basic and diluted (loss) per share (cents per share)	20	(154.35)	(127.53)

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position As at 30 June 2022

	Notes	2022 (\$)	2021 (\$)
Current Assets			
Cash and cash equivalents	7	2,746,409	4,971,116
Trade and other receivables	8	372,590	251,611
Inventories	9	1,957,147	867,587
Loan receivable	13	-	-
Total Current Assets		5,076,146	6,090,314
Non-Current Assets			
Financial assets held at fair value	12	-	67,047
Right-of-use assets	10	398,967	478,996
Other financial assets		64,110	99,852
Property, plant and equipment		448,665	759,887
Intangible assets	11	31,713,603	31,869,603
Total Non-Current Assets		32,625,345	33,275,385
Total Assets		37,701,491	39,365,699
Current Liabilities			
Trade and other payables	14	1,510,045	984,979
Lease liabilities	15	116,709	90,534
Total Current Liabilities		1,626,754	1,075,513
Non-Current Liabilities			
Lease liabilities	15	384,199	460,547
Total Non-Current Liabilities		384,199	460,547
Total Liabilities		2,010,953	1,536,060
Net Assets		35,690,538	37,829,639
Equity			
Issued capital	16	43,745,957	36,651,436
Reserves	17	30,651,454	28,427,158
Accumulated losses		(39,194,258)	(27,248,955)
Parent entity interest		35,203,153	37,829,639
Minority interest		487,385	-
Total Equity		35,690,538	37,829,639

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity As at 30 June 2022

	Issued Capital \$	Accumulated Losses \$	Foreign Currency Reserve \$	Performance Rights Reserve \$	Share Based Payments Reserve \$	Contribution Reserve \$	Total \$	Minority Interest \$	Total Equity \$
Balance as 1 July 2020	26,075,600	(18,699,876)	(112,528)	26,037,664	1,246,065	-	34,546,925	-	34,546,925
Loss for the year	-	(8,549,079)	-	-	-	-	(8,549,079)	-	(8,549,079)
Other comprehensive loss	-	-	(50,165)	-	-	-	(50,165)	-	(50,165)
Total comprehensive loss for the year	-	(8,549,079)	(50,165)	-	-	-	(8,599,244)	-	(8,599,244)
Shares issued during the year	10,799,376	-	-	-	-	-	10,799,376	-	10,799,376
Transaction costs relating to issue of shares	(567,290)	-	-	-	-	-	(567,290)	-	(567,290)
Issue of performance rights to Directors	-	-	-	568,406	-	-	568,406	-	568,406
Proceeds from issue of performance rights	-	-	-	2,500	-	-	2,500	-	2,500
Share-based payments	-	-	-	-	735,216	-	735,216	-	735,216
Share options exercised	343,750	-	-	-	-	-	343,750	-	343,750
Balance at 30 June 2021	36,651,436	(27,248,955)	(162,693)	26,608,570	1,981,281	-	37,829,639	-	37,829,639
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

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Cash Flows For the year ended 30 June 2022

	Notes	2022 (\$)	2021 (\$)
Cash Flows from Operating Activities			
Receipts from customers		1,548,779	621,215
Payments to suppliers and employees		(9,889,405)	(7,611,542)
Payments for research and development		(1,137,193)	(1,626,980)
Interest received		595	723
Other		50,000	-
<i>Net cash (used in) operating activities</i>	21(b)	(9,427,224)	(8,616,584)
Cash Flows from Investing Activities			
Government grants and tax incentives		1,292,218	1,378,349
Third party loan		(1,500,000)	-
<i>Net cash (used in)/from investing activities</i>		(207,782)	1,378,349
Cash Flows from Financing Activities			
Proceeds from issue of shares		6,755,844	10,273,066
Proceeds from the exercise of options		343,750	-
Issue costs associated with issue of shares		-	(88,000)
Proceeds from conversion of options		-	343,750
Proceeds from unissued shares and performance rights		-	2,500
<i>Net cash from financing activities</i>		7,099,594	10,531,316
Net (decrease)/increase in cash and cash equivalents		(2,535,412)	3,293,071
Effect of exchange rate fluctuations on cash held		310,705	(18,995)
Cash and cash equivalents at beginning of financial year		4,971,116	1,697,040
Cash and cash equivalents at end of financial year	21(a)	2,746,409	4,971,116

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 legal Parent”) and its subsidiaries (“the Group” or “Consolidated Entity”). 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 31 August 2022.

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 2022, 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 2021. 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 ending 30 June 2022. 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 \$12,413,518 for the year ended 30 June 2022 and a net cash outflow from operating activities amounting to \$9,427,224. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

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, 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 may be a material uncertainty relating to 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 ZENIVOL®;
- 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 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.

For personal use only

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
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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 of 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 of 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 arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and 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 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 earnings 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 than 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 consolidated entity 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 in note 1. 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.

2. Operating Segments**Identification of reportable operating segments**

The consolidated entity 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

2022 Segment Revenue			
	Australia \$	USA \$	Total \$
Revenue	66,784	1,473,840	1,540,624
Other income	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

2021 Segment Revenue			
	Australia \$	USA \$	Total \$
Revenue	88,460	574,856	663,316
Other income	1,428,338	-	1,428,338
Interest income	723	-	723
Total income	1,517,521	574,856	2,092,377

2021 Segment Result			
	Australia \$	USA \$	Total \$
EBITDA	(7,310,872)	(722,048)	(8,032,920)
Depreciation and amortisation	(385,571)	(88,684)	(474,255)
Interest income	723	-	723
Finance costs	(1,901)	(40,726)	(42,627)
Loss before income tax expense	(7,697,619)	(851,458)	(8,549,079)
Income tax expense	-	-	-
Loss after income tax expense	(7,697,619)	(851,458)	(8,549,079)

2021 Segment assets and liabilities			
	Australia \$	USA \$	Total \$
Total assets	34,212,146	5,153,553	39,365,699
Total liabilities	(450,020)	(1,086,040)	(1,536,060)
Net assets (liabilities)	33,762,126	4,067,513	37,829,639

3. Revenue

	2022 (\$)	2021 (\$)
Sales of goods	752,090	432,568
Project Management fee	84,629	67,500
License fee	703,905	163,248
	1,540,624	663,316

Disaggregation of revenue

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

	2022 (\$)	2021 (\$)
Sale of ZENIVOL® and HOPE® – Australia	66,784	20,960
Sale of Oralcare products – US	638,062	328,614
Other sales – US	47,244	82,994
	752,090	432,568

4. Other Income

	2022 (\$)	2021 (\$)
Research and development incentive ¹	1,292,239	1,378,349
ATO Cash Boost	-	49,989
Other	50,000	-
	1,342,239	1,428,338

¹ Research and development incentive relates to the Group's 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 2022

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:

	2022 (\$)	2021 (\$)
Loss before tax from continuing operations	(12,413,518)	(8,549,079)
Income tax (benefit)/expense calculated at 25% (2021: 27.5%)	(3,103,380)	(2,564,723)
Unused tax losses and tax offset not recognised as deferred tax assets		
Share based payments	672,926	391,086
Other non-deductible expenses	505,409	1,764,654
Non assessable income	(323,055)	(428,501)
Deferred tax assets not recognized	2,248,100	837,484
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:

	2022 (\$)	2021 (\$)
Deferred tax assets comprise:		
Temporary differences	6,407,843	4,574,843
Deferred tax liabilities comprise:		
Temporary differences	(206,312)	(426,952)
Net deferred tax assets	5,824,031	4,147,891

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.

c. Income tax expense not recognised directly in equity during the year

Share issue costs	-	-
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6. Key Management Personnel

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

- Osagie Imasogie
- Dr Oludare Odumosu
- Lisa Gray
- Tim Slate (appointed 31 January 2022)
- Harry Karelis (resigned 12 May 2022)
- Jason Peterson (resigned 31 January 2022)

Key management personnel compensation

	2022 (\$)	2021 (\$)
Short-term employment benefits	939,992	1,052,350
Post-employment benefits	-	32,713
Share based payments	1,108,955	756,291
	2,048,947	1,841,354

Catalyst Corporate Pty Ltd, a company of which Mr Tim Slate is a Director, charged the Company director fees of \$15,000 (2021: \$nil) 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 \$66,281, \$nil of which was outstanding at 30 June 2022.

CPS Capital Pty Ltd, a company of which Mr Jason Peterson is a Director, charged the Company director fees of \$21,000 (2021: \$36,000) and provided corporate advisory services to the Company during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to corporate advisory services was \$48,000 (30 June 2021: \$48,000) and capital raising fees of \$nil (30 June 2021: \$nil), \$nil of which was outstanding at 30 June 2022 (30 June 2021: \$7,000).

Gemelli Nominees Pty Ltd, a company of which Mr Harry Karelis is a Director, charged the Company director fees of \$110,000 (2021: \$120,000). No amount relating to consultancy services was recognised during the year and \$nil was outstanding at year end.

7. Cash and Cash Equivalents

	2022 (\$)	2021 (\$)
Cash at bank	2,746,409	4,971,116

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

8. Trade and Other Receivables

	2022 (\$)	2021 (\$)
Trade receivables	101,430	42,101
GST receivable	148,099	10,206
Prepayments	116,140	194,177
Other current assets	6,921	5,127
	372,590	251,611

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 2022 is nil.

9. Inventories

	2022 (\$)	2021 (\$)
Raw materials – at cost	646,774	220,398
Work in progress – at cost	550,515	51,750
Finished goods – at cost	759,858	595,439
	1,957,147	867,587

10. Right-of-Use Assets

Property Leases

	2022 (\$)	2021 (\$)
<i>Carrying value</i>		
Cost	649,157	630,466
Accumulated depreciation	(250,190)	(151,470)
Carrying value at 30 June	398,967	478,996
Opening balance	478,996	595,180
Additions	-	47,341
Depreciation expense	(114,977)	(110,051)
Foreign exchange conversion	34,948	(53,474)
Carrying value at 30 June	398,967	478,996

11. Intangibles

	Trademarks (\$)	Favourable leases (\$)	Goodwill (\$)	Total (\$)
Opening balance at 30 June 2021	1,109,314	169,206	30,747,083	32,025,603
Accumulated amortisation	(235,472)	(76,528)	-	(312,000)
Closing balance at 30 June 2022	873,842	92,678	30,747,083	31,713,603

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, extended for a further five years to capture the high rate of growth expected beyond the five-year period.

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:

- 33% pre-tax discount rate
- 5% increase in year 5 projected revenue 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.

12. Financial Asset Held at Fair Value

	2022 (\$)	2021 (\$)
<i>At fair value through profit or loss</i>		
Opening balance – unlisted options	67,047	242,131
Changes in fair value	(67,047)	(175,084)
Closing balance	-	67,047

At balance date, the AusCann options have been valued under the Black-Scholes methodology using a volatility rate of 0.7422% and a spot price of \$0.145 and are considered to have a nil value.

13. Loan Receivable

	2022 (\$)	2021 (\$)
Loan receivable	1,510,000	-
Less: Provision for expected credit loss	(1,510,000)	-
	-	-

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 2002 Health House announced they have 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 doubtful debts in relation to the present value of the loan and accrued interest until the proposed acquisition is more certain. The Company remains optimistic the in relation to the repayment of the loan following the finalisation of the proposed Creso transaction.

30 June 2022	Current	> 30 Days past due	> 60 Days past due	> 90 days past due	> 120 days past due
Expected loss rate	0%	100%	100%	100%	100%
Gross carrying amount	-	1,510,000	-	-	-
Loss allowing provision	-	(1,510,000)	-	-	-

No allowances have been made in the prior period ended 30 June 2021.

14. Trade and Other Payables

	2022 (\$)	2021 (\$)
Trade payables and accruals	1,510,045	984,979
Less: Provision for expected credit loss	1,510,045	984,979

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.

15. Lease Liabilities

	2022 (\$)	2021 (\$)
<i>Carrying value</i>	116,709	90,534
Current liabilities	384,199	460,547
Non-current liabilities	500,908	551,081
<i>Reconciliation</i>		
Opening balance	551,081	632,323
Additions	-	47,341
Interest	36,194	38,811
Principal repayments	(129,142)	(110,481)
Foreign exchange conversion	42,775	(56,913)
Closing balance at 30 June	500,908	551,081

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:

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
2021	Lease payments due			
	< 1 year (\$)	1 – 2 years (\$)	2 – 5 years(\$)	Total (\$)
Lease payments	125,600	136,104	386,805	648,509
Interest	(35,066)	(27,890)	(34,472)	(97,428)
Net present value	90,534	108,214	352,333	551,081

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.

16. Issued Capital

			2022 (\$)	2021 (\$)
			43,745,957	36,651,436
	Year to 30 June 2022 (No.)	Year to 30 June 2021 (No.)	Year to 30 June 2022 (\$)	Year to 30 June 2021 (\$)
<i>Movements in ordinary shares on issue</i>				
At start of period	1,190,322,966	966,298,406	36,651,436	26,075,600
Shares issued from exercise of options	11,000,000	11,000,000	343,750	343,750
Shares issued to sophisticated investors	79,908,676	213,024,560	4,794,521	10,799,376
Conversion of performance rights	393,870,322	-	1,956,250	-
Share consolidation (175:1)	(1,665,524,848)	-	-	-
Share issue expenses	-	-	-	(567,290)
At end of period	9,577,116	1,190,322,966	43,745,957	36,651,436

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.

17. 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 18 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 18 for further details.

Contribution reserve

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

18. 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	11,429	27 September 2019	27 September 2022	\$21.00	\$0.0143	27 September 2019
2	28,572	11 August 2020	11 August 2023	\$17.50	\$0.0195	11 August 2020
3	28,572	11 August 2020	11 August 2023	\$26.25	\$0.0156	2 December 2020
4	28,572	11 August 2020	11 August 2023	\$35.00	\$0.0130	2 December 2020
5	28,572	11 August 2020	11 August 2023	\$49.00	\$0.0102	2 December 2021
6	28,572	11 August 2020	11 August 2023	\$52.50	\$0.0096	2 December 2021
7	22,858	11 September 2020	11 September 2023	\$17.50	\$0.0151	9 November 2020
8	22,858	11 September 2020	11 September 2023	\$26.25	\$0.0114	9 November 2021
9	22,858	11 September 2020	11 September 2023	\$35.00	\$0.0090	9 November 2021
10	22,858	11 September 2020	11 September 2023	\$49.00	\$0.0066	9 November 2022
11	22,858	11 September 2020	11 September 2023	\$52.50	\$0.0062	9 November 2022
12	22,858	20 January 2021	20 January 2024	\$17.50	\$0.0356	20 January 2021
13	22,858	20 January 2021	20 January 2024	\$26.25	\$0.0291	3 March 2021
14	22,858	20 January 2021	20 January 2024	\$35.00	\$0.0246	3 March 2021
15	22,858	20 January 2021	20 January 2024	\$49.00	\$0.0195	3 March 2022
16	22,858	20 January 2021	20 January 2024	\$52.50	\$0.0186	3 March 2022
17	17,715	22 October 2021	22 October 2025	\$17.50	\$0.0070	22 October 2022
18	17,715	22 October 2021	22 October 2025	\$26.25	\$0.0046	22 October 2023
19	17,715	22 October 2021	22 October 2025	\$35.00	\$0.0033	22 October 2023
20	17,715	22 October 2021	22 October 2025	\$49.00	\$0.0021	22 October 2024
21	17,715	22 October 2021	22 October 2025	\$52.50	\$0.0019	22 October 2024
22	11,429	22 October 2021	22 October 2025	\$17.50	\$0.0070	22 October 2022
23	31,431	22 October 2021	22 October 2025	\$26.25	\$0.0046	22 October 2022
24	42,860	22 October 2021	22 October 2025	\$43.75	\$0.0024	22 October 2023
25	42,860	22 October 2021	22 October 2025	\$52.50	\$0.0019	22 October 2024

On 22 October 2021, the Company announced the issue of 15,500,000 options under the Employee Share Options Plan ("ESOP") and 22,500,000 under the US ESOP. The ESOP is intended as an incentive for executives and employees to share in the ownership of Zelira.

On 16 January 2022, 7,661,667 options with an exercise price of \$0.10 expired. On 19 February 2022, 25,000,000 options with an exercise price of \$0.10, \$0.15, \$0.20, \$0.28 and \$0.30 expired. No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

On 12 April 2022, shareholders approved that the issued capital of the Company be consolidated on the basis that:

- a. every 175 shares be consolidated into one (1) share;
- b. every 175 options be consolidated into one (1) option; and
- c. every 175 performance shares be consolidated into one (1) performance share

The weighted average exercise price during the financial year was \$36.62 (restated 2021: \$27.99). The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.09 years (2021: 0.66 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	71	1.96	3	\$21.00	7.5
2	86	0.26	3	\$17.50	6.2
3	86	0.26	3	\$26.25	6.2
4	86	0.26	3	\$35.00	6.2
5	86	0.26	3	\$49.00	6.2
6	86	0.26	3	\$52.50	6.2
7	80	0.26	3	\$17.50	5.7
8	80	0.26	3	\$26.25	5.7
9	80	0.26	3	\$35.00	5.7
10	80	0.26	3	\$49.00	5.7
11	80	0.26	3	\$52.50	5.7
12	83	0.1	3	\$17.50	9.7
13	83	0.1	3	\$26.25	9.7
14	83	0.1	3	\$35.00	9.7
15	83	0.1	3	\$49.00	9.7
16	83	0.1	3	\$52.50	9.7
17	61	0.1	4	\$17.50	4.2
18	61	0.1	4	\$26.25	4.2
19	61	0.1	4	\$35.00	4.2
20	61	0.1	4	\$49.00	4.2
21	61	0.1	4	\$52.50	4.2
22	61	0.1	4	\$17.50	4.2
23	61	0.1	4	\$26.25	4.2
24	61	0.1	4	\$43.75	4.2
25	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.

19. 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.

The only financial assets or financial liabilities measured at fair value on a recurring basis are unlisted options (Level 2).

There were no transfers between levels in 2022 and 2021.

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.

The valuation technique used for instruments categorised in Level 2 is described below:

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.

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

	Interest rates	Variable interest rate (\$)	Maturity dates		Non-interest bearing	Total
			Less than 1 year (\$)	1-2 years (\$)	(\$)	(\$)
2021						
Financial assets						
Cash and cash equivalents	0.0%	4,971,116	-	-	-	4,971,116
Trade receivables	-	-	-	-	42,101	42,101
Financial assets held at fair value	-	-	-	-	67,047	67,047
Financial liabilities						
Trade payables	-	-	-	-	984,979	984,979
Lease liabilities	7.0%	-	90,534	460,547	-	551,081

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.

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	-	-	-
2021				
	Less than 1 month (\$)	1 – 3 Months (\$)	3 months – 1 year (\$)	1 – 5 years (\$)
Financial Assets				
Non-interest bearing	42,101	-	-	-
Variable interest rate	4,971,116	-	-	-
Fixed interest rate	-	-	-	-
	5,013,217			
Financial Liabilities				
Non-interest bearing	984,979	-	-	-
	984,979	-	-	-

20. Earnings / (Loss) per Share

	2022 (\$)	2021 (\$)
a. (Loss) used in the calculation of basic and dilutive loss per share	(12,413,518)	(8,549,079)
Basic loss per Share	Number of Shares	Number of Shares (Restated)
b. Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share:	8,042,432	6,633,028
Basic (loss) per share (cents per share)	(154.35)	(127.53)
Diluted loss per Share	Number of Shares	Number of Shares
c. Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share:	8,042,432	6,633,028
Diluted (loss) per share (cents per share)	(154.35)	(127.53)

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 2022 and the prior year ended 30 June 2021, as options and performance rights are not considered dilutive as a loss was incurred in both years.

21. Cash Flow Information**a. Non-cash investing and financing activities**

There were no non-cash investing and financing activities during the year.

b. Reconciliation of net cash flow used in operating activities with profit / (loss) after income tax

	2022 (\$)	2021 (\$)
(Loss) for year	(12,413,518)	(8,549,079)
Cash flows in operating (loss)/profit classified as investing activities		
Revaluation of financial assets held at fair value	67,047	175,084
Non-cash flows in operating (loss)/profit		
Government grants and tax incentive	(1,292,239)	(1,378,349)
Share based payments	2,691,702	1,303,621
Provision for doubtful debts expense	1,510,000	-
Foreign exchange gain/(loss)	192,606	(2,978)
Finance charges	53,848	42,627
Depreciation and amortisation	588,543	474,255
Cash flows not in operating (loss)/profit		
Rent expense	(139,740)	(123,870)
Changes in assets and liabilities:		
(Increase) in trade and other receivables	(120,979)	(115,902)
(Increase) in inventories	(1,089,560)	(867,587)
Increase in trade payables and other accruals	525,066	425,594
Net cash used in operating activities	(9,427,224)	(8,616,584)

22. Auditor's Remuneration

	2022 (\$)	2021 (\$)
The auditors of the Company are HLB Mann Judd		
Remuneration of the auditor for:		
Auditing or reviewing the financial report	44,000	49,484
	44,000	49,484
The auditors of the subsidiaries in the USA are Marcum LLP		
Remuneration of the auditor for:		
Auditing or reviewing the USA subsidiaries	145,375	111,436
	145,375	111,436

23. Commitments

	2022 (\$)	2021 (\$)
Research and development		
not later than 1 year	1,296,763	2,131,269
later than 1 year but no later than 5 years	-	-
Remuneration and consulting		
not later than 1 year	3,176,498	4,235,063

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

24. 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.

	2022 (\$)	2021 (\$)
Financial Position		
Current assets	745,560	3,465,445
Total assets	34,237,505	37,049,306
Current liabilities	(151,778)	(171,505)
Total liabilities	(151,778)	(185,793)
Shareholder's equity		
Issued capital	55,945,976	48,851,456
Reserves	29,325,303	28,589,851
Accumulated losses	(51,185,552)	(40,577,794)
	34,085,727	36,863,513
Financial Performance		
Loss for the year	(7,039,039)	(3,954,795)
Total comprehensive loss	(7,039,039)	(3,954,795)

Contingencies of the Parent Entity

There are no contingent liabilities involving the parent entity (2021: Nil).

Guarantees of the Parent Entity

There are no guarantees involving the parent entity (2021: Nil).

Contractual commitments of the Parent Entity

Included in the commitments in Note 23 are commitments incurred by the Parent Entity as follows:

	2022 (\$)	2021 (\$)
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	766,701	968,100

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

25. Interests in Subsidiary

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

	Country of Incorporation	% Equity Interest	
		2022	2021
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%	80%
Zelira Oral Healthcare LLC*	USA	80%	80%

**The results of Ilera Derm LLC and Zelira Oral Healthcare LLC are not considered significant to the Group for 2022*

26. 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 \$15,000 (2021: \$nil) 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 \$66,281, \$nil of which was outstanding at 30 June 2022.

CPS Capital Pty Ltd, a company of which Mr Jason Peterson is a Director, charged the Company director fees of \$21,000 (2021: \$36,000) and provided corporate advisory services to the Company during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to corporate advisory services was \$48,000 (30 June 2021: \$48,000) and capital raising fees of \$nil (30 June 2021: \$nil), \$nil of which was outstanding at 30 June 2022 (30 June 2021: \$7,000).

Gemelli Nominees Pty Ltd, a company of which Mr Harry Karelis is a Director, charged the Company director fees of \$110,000 (2021: \$120,000). No amount relating to consultancy services was recognised during the year and \$nil was outstanding at year end.

There were no other related party transactions during the year.

27. Events Subsequent to Reporting Date

There are no events of a material nature or transaction, that have arisen since year end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

28. 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 disclosed above, as at the 30 June 2022 the Company did not have any contingent liabilities

**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 2022, 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 2022 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* ("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 1d in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity'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* we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter
How our audit addressed the key audit matter

Impairment of Intangible Assets

 Refer to Note 11

As at 30 June 2022, the Group has a balance of \$31,713,603 relating to intangible assets acquired as part of a business combination.

The Group is required to determine if they have any impairment indicators for intangibles and conduct an impairment assessment in relation to goodwill and intangible assets with indefinite useful life annually.

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:

- Determining whether impairment indicators exist;
 - Critically evaluating management's methodology in the 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 2022, 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, related safeguards.

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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 2022.

In our opinion, the Remuneration Report of Zelira Therapeutics Limited for the year ended 30 June 2022 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

Perth, Western Australia
31 August 2022

A handwritten signature in black ink, appearing to read 'B G McVeigh'.

B G McVeigh
Partner

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. In the directors' opinion, the financial statements and accompanying notes set out on pages 31 to 60 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 2022 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 31st day of August 2022

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Corporate Governance Statement

This Corporate Governance Statement is current as at 31 August 2022 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its Corporate Governance Principles and Recommendations 4th Edition (Recommendations). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation.

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices. The Board of the Company has not yet formed an audit committee and risk management committee.

The Company's Corporate Governance Policies are available on the Company's website at www.zeliratx.com

Principle 1: Lay solid foundations for management and oversight

Roles of the Board & Management

The Board is responsible for evaluating and setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals. The Managing Director (or equivalent) is responsible to the Board for the day-to-day management of the Company.

The principal functions and responsibilities of the Board include, but are not limited to, the following:

- Appointment, evaluation and, if necessary, removal of the Managing Director, any other executive directors, the Company Secretary and the Chief Financial Officer and approval of their remuneration;
- Determining, in conjunction with management, corporate strategy, objectives, operations, plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- Establishing appropriate levels of delegation to the Managing Director to allow the business to be managed efficiently;

- Approval of remuneration methodologies and systems;
- Monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level to understand at all times the financial and operating conditions of the Company;
- Monitoring the performance of senior management, including the implementation of strategy and ensuring appropriate resources are available;
- Identifying areas of significant business risk and ensuring that the Company is appropriately positioned to manage those risks;
- Overseeing the management of safety, occupational health and environmental issues;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately;
- Ensuring that appropriate internal and external audit arrangements are in place and operating effectively;
- Authorising the issue of any shares, options, equity instruments or other securities within the constraints of the Corporations Act and the ASX Listing Rules; and
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:
 - Code of Conduct;
 - Continuous Disclosure Policy;
 - Diversity Policy;
 - Performance Evaluation Policy;
 - Procedures for Selection and Appointment of Directors;
 - Remuneration Policy;
 - Risk Management and Internal Compliance and Control Policy.
 - Securities Trading Policy; and
 - Shareholder Communications Policy.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director responsibility for the management and operation of Zelira Therapeutics. The Managing Director

is responsible for the day-to-day operations, financial performance and administration of Zelira Therapeutics within the powers authorised to him from time-to-time by the Board. The Managing Director may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter on the Zelira Therapeutics website.

Board Committees

The Board has recently formed a Nomination and Remuneration Committee. Refer to Principle 2 for further information.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of additional separate committees at this time, including audit and risk, preferring at this stage of the Company's development, to manage the Company through the full Board of Directors. The Board assumes the responsibilities normally delegated to the audit and risk Committees.

If the Company's activities increase, in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if appropriate.

Board Appointments

The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and

procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Diversity

The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity.

The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- | | |
|--|-----|
| • Women employees in the Company | 44% |
| • Women in senior management positions | 0% |
| • Women on the Board | 25% |

The Company's Diversity Policy is available on its website.

Board & Management Performance Review

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparing the performance of the Board against the requirements of its Charter;
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;
- reviewing the Board's interaction with management;
- reviewing the type and timing of information provided to the Board by management;
- reviewing management's performance in assisting the Board to meet its objectives; and
- identifying any necessary or desirable improvements to the Board Charter.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment

checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

Given, the size of the Board, the changes to the composition of the Board in January 2022 and the current level of operations of the Company, no formal appraisal of the Board was conducted during the financial year.

The Board conducts an annual performance assessment of the Managing Director against agreed key performance indicators.

Independent Advice

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to obtain independent professional advice on any matter connected with the discharge of their responsibilities, with prior notice to the Chairman, at Zelira Therapeutics' expense.

Principle 2: Structure the board to be effective and add value

Board Composition

During the financial year and to the date of this report the Board was comprised of the following members:

Osagie Imasogie	Chairman (appointed 2 December 2019)
Oludare Odumosu	Managing Director (appointed 2 December 2019)
Lisa Gray	Non-Executive Director (appointed 2 December 2019)
Tim Slate	Non-Executive Director (appointed 31 January 2022)
Harry Karelis	Deputy Chairman (resigned 12 May 2022)
Jason Peterson	Non-Executive Director (resigned 31 January 2022)

The Board currently consists of one Executive and four Non-Executive Directors. Zelira Therapeutics has adopted a definition of 'independence' for Directors that is consistent with the Recommendations. Harry Karelis and Tim Slate are considered to be independent directors. The remaining Board members are not considered to be independent as they are either executives of the Company or do not meet the definition of independent.

Board Selection Process

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern Zelira Therapeutics. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board established a Remuneration and Nomination Committee in July 2021. Members of the Committee are:

- Osagie Imasogie
- Tim Slate
- Lisa Gray

The role of the Committee is, in respect of its nomination role, to:

- maintain a Board that has an appropriate mix of skills and experience to be an effective decision-making body; and
- ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

The Group does not have an established board skills matrix on the mix of skills and diversity for Board membership.

The Board continues to monitor the mix of skills and diversity on the Board however, due to the size of the Group, the Board does not consider it appropriate at this time to formally set matrix on the mix of skills and diversity for Board membership.

The Charter of the Remuneration and Nomination Committee can be found on the Company's website at www.zeliratx.com

Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights

and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

The Company's values can be found on the Company's website at www.zeliratx.com.

The Company has implemented a Code of Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- maintain high levels of professional conduct;
- respect confidentiality and not misuse Company information, assets or facilities;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

The Company has adopted a Whistleblower Protection Policy and an Anti-Bribery and Corruption Policy, both of which can be found on the Company's website at www.zeliratx.com. The Board is informed of any material incidents under both policies.

Principle 4: Safeguard the integrity of corporate reports

The Board as a whole fulfills the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend Zelira Therapeutics' AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

CEO and CFO Certifications

The Board, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO (or, if none, the persons fulfilling those functions) a declaration provided in accordance with Section 295A of the Corporations Act that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Prior the Board resolving to release any periodic corporate report to the market that is not audited or reviewed by an external auditor, the Board is provided with the corporate report, supporting working papers for review and the s295A Corporations Act declaration. The Board is provided an opportunity to query and verify the corporate report.

Principle 5: Make timely and balanced disclosure

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. The Chairman, Managing Director and the Company Secretary are responsible for ensuring that:

- a. Company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
- b. Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Principle 6: Respect the rights of security holders

The Company recognises the value of providing current and relevant information to its shareholders.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of

the Company. These contact details are available on the “contact us” page of the Company’s website.

Shareholders may elect to, and are encouraged to, receive communications from Zelira Therapeutics and Zelira Therapeutics’ securities registry electronically.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company’s website.

The Company ensures that all resolutions at a meeting of shareholders are decided by a poll rather than by a show of hands.

Principle 7: Recognise and manage risk

The Board is committed to the identification, assessment and management of risk throughout Zelira Therapeutics’ business activities.

The Board is responsible for the oversight of the Company’s risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. Zelira Therapeutics has established policies for the oversight and management of material business risks.

Zelira Therapeutics’ Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

Zelira Therapeutics believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, Zelira Therapeutics is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

Zelira Therapeutics accepts that risk is a part of doing business. Therefore, the Company’s Risk Management and Internal Compliance and Control Policy is not designed to promote risk avoidance. Rather Zelira Therapeutics’ approach is to create a risk conscious culture that

encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

Zelira Therapeutics assesses its risks on a residual basis; that is it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, Zelira Therapeutics applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage Zelira Therapeutics' material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term.

The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management and Internal Compliance and Control Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks.
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls.
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board reviews the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of Zelira Therapeutics' management of its material business risks on at each Board meeting.

Principle 8: Remunerate fairly and responsibly

The Board established a Remuneration and Nomination Committee in July 2021. Members of the Committee are:

- Osagie Imasogie
- Tim Slate
- Lisa Gray

The role of the Remuneration and Nomination Committee is, in respect of its remuneration role, to:

- a. Review and recommend to the Board remuneration policies and packages and terms of employment contracts in relation to Executives and Directors; and
- b. Review and recommend proposals for share plans and incentive programs.

Zelira Therapeutics has implemented a Remuneration Policy which was designed to recognise the competitive environment within which Zelira Therapeutics operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in Zelira Therapeutics' performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of Zelira Therapeutics.

The key principles are to:

- link executive reward with strategic goals and sustainable performance of Zelira Therapeutics;
- apply challenging corporate and individual key performance indicators that focus on both short-term and long-term outcomes;
- motivate and recognise superior performers with fair, consistent and competitive rewards;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development; and
- through employee ownership of Zelira Therapeutics shares, foster a partnership between employees and other security holders.

The Remuneration Committee determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members.

The Committee is responsible for evaluating Board performance, reviewing Board and management

succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review.

Zelira Therapeutics' executive remuneration policies and structures and details of remuneration paid to directors and senior managers (where appointed) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options. They do not receive any termination or retirement benefits, other than statutory superannuation.

The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is \$750,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders. On 21 July 2020, Zelira approved the increase of the maximum aggregate remuneration approved by shareholders for Non-Executive Directors from \$300,000 per annum to \$750,000 per annum. The total fees paid to Non-Executive Directors during the reporting period were \$326,000.

Executive directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance-based remuneration. Fees and salaries are set at levels reflecting market rates and performance-based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

In accordance with the Company's Securities Trading Policy, participants in an equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the Company's remuneration policies are contained in the Remuneration Report, within the Directors' Report. The Charter of the Remuneration and Nomination Committee can be found on the Company's website at www.zeliratx.com.

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 24 August 2022

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)	8,989	693	74	70	15	9,841
Options - \$21.00 27/09/22	-	-	-	1	-	1
Options - \$17.50 11/08/23	-	-	-	1	-	1
Options - \$26.25 11/08/23	-	-	-	1	-	1
Options - \$35.00 11/08/23	-	-	-	1	-	1
Options - \$49.00 11/08/23	-	-	-	1	-	1
Options - \$52.50 11/08/23	-	-	-	1	-	1
Options - \$17.50 11/09/23	-	-	-	1	-	1
Options - \$26.25 11/09/23	-	-	-	1	-	1
Options - \$35.00 11/09/23	-	-	-	1	-	1
Options - \$49.00 11/09/23	-	-	-	1	-	1
Options - \$52.50 11/09/23	-	-	-	1	-	1
Options - \$12.25 13/11/23	-	-	-	-	1	1
Options - \$17.50 24/01/24	-	-	-	1	-	1
Options - \$17.50 22/10/25	-	-	-	2	-	2
Options - \$26.25 22/10/25	-	-	3	2	-	5
Options - \$35.00 22/10/25	-	-	-	1	-	1
Options - \$43.75 22/10/25	-	-	3	2	-	5
Options - \$49.00 22/10/25	-	-	-	1	-	1
Options - \$52.50 22/10/25	-	-	3	2	-	5
Performance Rights Class B	-	-	-	17	-	17

There are 7,550 holders of shares holding less than a marketable parcel.

Quoted equity securities as at 24 August 2022

Equity Security	Quoted
Ordinary Shares	9,577,116

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 24 August 2022

Unquoted Securities	Number on Issue	Exercise Price	Expiry Date
Unquoted Options ¹	11,429	\$21.00	27/09/2022
Unquoted Options ²	28,572	\$17.50	11/08/2023
Unquoted Options ²	28,572	\$26.25	11/08/2023
Unquoted Options ²	28,572	\$35.00	11/08/2023
Unquoted Options ²	28,572	\$49.00	11/08/2023
Unquoted Options ²	28,572	\$52.50	11/08/2023
Unquoted Options ³	22,858	\$17.50	11/09/2023
Unquoted Options ³	22,858	\$26.25	11/09/2023
Unquoted Options ³	22,858	\$35.00	11/09/2023
Unquoted Options ³	22,858	\$49.00	11/09/2023
Unquoted Options ³	22,858	\$52.50	11/09/2023
Unquoted Options ⁴	211,640	\$12.25	13/11/2023
Unquoted Options ⁵	22,858	\$17.50	20/01/2024
Unquoted Options ⁶	29,144	\$17.50	22/10/2025
Unquoted Options ⁷	49,148	\$26.25	22/10/2025
Unquoted Options ⁸	17,715	\$35.00	22/10/2025
Unquoted Options ⁹	42,860	\$43.75	22/10/2025
Unquoted Options ⁸	17,715	\$49.00	22/10/2025
Unquoted Options ⁶	60,575	\$52.50	22/10/2025
Performance Rights Class B	2,179,259	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 24 August 2022:

- 100% held by Gaks Investment Holdings Pty Ltd <Gaks Holding A/C>
- 100% held by Dr Oludare Odumosu
- 100% held by Mr Greg Blake
- 100% held by Tiga Trading Pty Ltd
- 100% held by Rose Ann Scanlon
- 61% held by Dr Meghan Thomas, 31% held by Mr Adewale Adewunmi
- 41% held by Mr Rahul Ganesan, 36% held by Dr Meghan Thomas
- 100% held by Dr Meghan Thomas
- 47% held by Mr Rahul Ganesan, 27% held by Mr Adewale Adewunmi
- 47% held by Mr Rahul Ganesan, 33% held by Dr Meghan Thomas, 29% held by Mr Adewale Adewunmi

Restricted equity securities as at 24 August 2022

There are no restricted securities under ASX restricted escrow.

Substantial shareholders as at 24 August 2022

The Company has been notified of the following substantial shareholdings: nil

Twenty largest holders of quoted shares as at 24 August 2022

	Name	No. of Shares	%
1	QUINCY STREET CAPITAL LLC	456,622	4.77
2	OSAGIE IMASOGIE	393,168	4.11
3	MR ZOLTAN KEREKES	393,168	4.11
4	SHARRI J ROCHLIN <ROCHLIN FAMILY RESOURCE A/C>	393,168	4.11
5	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	383,725	4.01
6	MS LISA GRAY	381,988	3.99
7	MERA I LLC\C	332,479	3.47
8	MR TORSTEN M GEERS <THE TORSTEN M GEERS LIVING A/C>	307,454	3.21
9	UBS NOMINEES PTY LTD	297,941	3.11
10	DR CHANDA LATRICE MACIAS	273,119	2.85
11	MARA GORDON	252,242	2.63
12	MERA II LLC\C	133,372	1.39
13	OLUDARE ODUMOSU	131,766	1.38
14	CITICORP NOMINEES PTY LIMITED	115,656	1.21
15	MR DANIEL HEXTER + MRS SHANNON HEXTER	103,389	1.08
16	GEERS EGAG LLC	85,715	0.89
17	MR DON FORSHAW BATLEY	62,400	0.65
18	MR ALAN TROUNSON	57,573	0.60
19	MR THOMAS BORGER	54,426	0.57
20	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	53,254	0.56
	TOTAL	4,662,625	48.69

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.

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CHAIRMAN

Osagie Imasogie

MANAGING DIRECTOR

Dr Oludare Odumosu

NON-EXECUTIVE DIRECTORS

Lisa Gray
Tim Slate

COMPANY SECRETARY

Tim Slate

Principal & Registered Office

Level 3, 101 St George's Terrace
Perth WA 6000
Australia
Telephone: +61 8 6558 0886
Facsimile: +61 8 6316 3337

Auditors

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

Share Register

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

Attorneys

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

www.zeliratx.com

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

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