LITTLE GREEN PHARMA

ABN 44 615 586 215

Annual *Report* 2023

FOR THE YEAR ENDED
31 MARCH 2023

A world of *difference*

Contents

1 Who we are
2 Chairman's letter
3 Message from the Chief Executive Officer
4 Update from the Chief Operations Officer
5 Little Green Pharma snapshot
6 Strategy
7 Cultivation and manufacturing
8 Sales and distribution
9 Health practitioner engagement and customer care
10 Research and innovation
11 Psychedelics
12 Environmental, Social, Governance (ESG)
13 Directors' report
14 Remuneration report
15 Appendix 1 – Material risks
16 Independent auditor's report
17 Financial report
18 ASX additional information

Corporate Directory

Directors

Mr Michael D Lynch-Bell
Independent Non-Executive Chair

Dr Neale Fong
Independent Non-Executive Director

Ms Beatriz Vicén Banzo
Independent Non-Executive Director

Ms Fleta Solomon
Chief Executive Officer

Mr Angus Caithness
Executive Director

Company Secretary

Mr Alistair Warren

Registered Office

Level 2, Suite 2, 66 Kings Park Road
West Perth, Western Australia 6005

Telephone: +61 8 6280 0050
Facsimile: +61 8 6323 4697
Email: cosec@lgp.global

Website

www.littlegreenpharma.com

Auditor

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, Western Australia 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, Western Australia 6000
Website: www.investorcentre.com/contact

Securities Exchange

Australian Securities Exchange Limited
Central Park, 152-158 St Georges Terrace
Perth, Western Australia 6000

ASX Code: LGP
ABN: 44 615 586 215

Notice of AGM

The Annual General Meeting of Little Green Pharma Ltd will be held at 3:30pm (WST) on Tuesday 29th August 2023. This meeting will be held via Zoom webinar unless otherwise advised.

1

Who we are

Little Green Pharma

LGP is more than just an Australian medicinal cannabis company. It sits across a number of businesses, operating across several global markets.

While our peers might focus on one or two segments of the value chain, LGP covers the field:

- We are a multi-national GMP medicinal cannabis manufacturer operating one of the largest cultivation and manufacturing facilities outside of North America with production assets in Denmark (EU) and Western Australia. These facilities are the foundation of our Australian and European medicinal cannabis businesses
- We are an Australian medicinal cannabis business with a broad distribution partner portfolio, strong in-market brand, and long-standing trusted reputation
- We are a European medicinal cannabis business with a distribution footprint across nine separate EU jurisdictions, making LGP one of the most diversified cannabis suppliers globally
- We are a cannabis research & development business, with ethics approvals for its Schedule 3 CBD product trials, several new concept products in development, and sponsor of one of the world's largest observational studies into medicinal cannabis
- We are a leading global psychedelics business, with an ethics-approved clinical trial into psychotherapy assisted psilocybin treatment and installed psilocybin mushroom production facilities
- We have a GMP testing lab capable of serving third parties

We have spent the last seven-years embedding wide-scale institutional expertise on herbal and cannabis manufacture and markets across a wide range of domains. LGP is all of these businesses because we use this expertise to identify opportunities early, and then implement rapidly.

People ask how Little Green Pharma is different from its competitors. This is how. We are different because no-one else does all that we do.

We're big on changing lives.

We are passionate about transforming lives.

Our vision is to reimagine herbal medicines and do extraordinary things for our patients.

It’s at the heart of everything we do, and defines our culture.

We are proud of what we've done and where we're going.

We are Little Green Pharma.

2

Chairman's *letter*

Dear Shareholders,

Welcome to Little Green Pharma's Annual Report for financial year 2023. This year, we want to share the Company's results with you, but also do things a little differently.

Historically, the Company has devoted its energies to executing its business strategy in a rapidly changing market. It has not spent much time telling stakeholders who we are, what our business looks like, how it operates, our successes and our failures, the environment we work in, or our vision for the future. We want to change this. We want our stakeholders to get to know us and our team better and get a strong understanding of what goes on behind the scenes at Little Green Pharma.

For these reasons, I'd invite you to read the Company snapshot starting on page 11, which provides a broad overview of LGP's history and current operational environment as well as our views on recent events affecting the Company's share price, as well as the letter from our Chief Executive Officer Fleta Solomon, starting on page 5 and an update from our Chief Operating Officer, Paul Long, starting on page 7.

It's easy to forget, amidst all the hum and energy of our operations, that our shareholders don't have a crystal ball that sees everything we do. Our goal for financial year 2024 is to do things differently, and significantly change this.

OVERVIEW OF FINANCIAL YEAR 2023

With that said, I'd like to turn the discussion to financial year 2023. It's been another busy year for LGP, with plenty of interesting developments for both the Company and the medicinal cannabis and psychedelics markets in general. I propose to touch on a few key matters that affected LGP for financial year 2023 and leave the detailed discussions around strategy and operations to Fleta and Paul.

Finance

During the financial year, the Company grew its revenue against the previous 9-month financial period by 89%, to $19.9 million and also recognised other income in the form of research and development rebates of $5.1 million while at the same time improving its gross margin before fair value uplift from 40% to 51%.

During the reporting period, the Company comprehensively right sized its operations, including its overheads which were down by nearly 10% from the prior period even though the financial year was 3-months longer; a good result for the year. The Company continues to review additional cost saving measures across the Group, including measures to reduce power and transportation costs at the Company's assets.

Between November 2022 and January 2023, the Company successfully raised $5.1 million via a Placement and Share Placement Plan (**SPP**) and in March 2023, the Company raised a further $5.0 million via Placement from professional and institutional investors, including a cornerstone investment from the Thorney Investment Group, who became the Company's largest shareholder at

11.2%. These Placement funds were used to provide working capital and repay the outstanding loan amount to Canopy Growth Corporation (**Canopy**) post-year end, leaving the Company with only long-dated loans over its Australian production facilities and freeing up its Danish Facility for potential debt financing if required in the future.

As ever, we remain grateful for the faith of our shareholders, both retail and institutional, particularly for their support in our two placements and SPP. We know there are other great investments out there and are pleased you chose us.

After 12-months of significant sales growth, various capital raisings, and our R&D financing and ongoing cost management, the Company finished its financial year with $12.4 million cash in bank, with the final Canopy loan payment of $4.1 million being paid in early April 2023.

TGA infringement notices

The reporting period was marred heavily by the receipt of infringement notices from the Therapeutic Goods Administration (**TGA**) for alleged unlawful advertising.

LGP regards prescriber, patient, investor and stakeholder trust in LGP as a cornerstone value of the Company, and the fines were received with a mixture of disappointment and disbelief, particularly given the conduct alleged included third party posts on LGP's social media channels and electronic copies of LGP's consumer medicines information for patients who had lost their paper originals.

The Company spent several months appealing the infringement notices with the TGA, however given the threshold for what constitutes the 'advertising' of therapeutic goods (comparable with the current threshold for advertising cigarettes in Australia), the uncertainty of potential litigation, and the potentially adverse impact on LGP's relationship with its primary regulator, in January 2023 the Company agreed to accept the infringement notices subject to a payment plan until late July 2023. The Company also undertook a substantial review of its regulatory and compliance review processes to ensure all public-facing communications meet the relevant requirements in future.

Further details on these infringement notices can be found in the Directors' Report.

Opening of the Australian psychedelics market

In February 2023, the Australian psychedelics market was unofficially launched with the surprise announcement that psilocybin and MDMA would be down scheduled to Schedule 8, in very limited circumstances, for the treatment of refractory chronic depression and PTSD. A world leading development, the down scheduling means that from 1 July 2023, qualified psychiatrists able to demonstrate suitable qualifications and experience and supported by qualified psychotherapy teams, will be lawfully able to prescribe psilocybin and MDMA to eligible patients. The qualification criteria for this treatment are strict and the bar for approval high, with psychiatrists required to obtain both formal ethics approval and TGA authorised prescriber status prior to prescribing. Following a review of the requirements, the Company's view is that these regulatory requirements fall only slightly short of clinical trial registration requirements, giving Reset Mind Science's current ethics approved clinical trial procedures and processes a significant edge in the market.

Pathway to profitability

Shareholder feedback has been clear: the Company's immediate priorities for financial year 2024 must be to achieve cash flow break-even and subsequently profitability. Moving forward, these priorities will be the primary lens through which the Company evaluates its strategic and operational activities and decisions, with the intention of achieving these goals as quickly as possible. We shall continue to report on both until achieved.

Finally, I'd like to thank the entire LGP team, personally, for their hard work and dedication throughout the year and to the Board for their dedication and support. And on behalf of the Board and the Company I'd also like to thank you, our shareholders and stakeholders, for the support you continue to show us over our journey.

Your sincerely

Michael D Lynch-Bell
Independent Non-Executive Chair

3

Message from the *Chief Executive Officer*

Dear shareholders,

It's been another transformational year as we execute on our strategy and move closer to our vision to advance the medicinal cannabis industry and make a significant impact on the lives of patients worldwide. Our mission has always been to do extraordinary things for patients by providing high-quality cannabis medicines and addressing real problems in healthcare. We have a clear strategic pathway to achieve this vision and highlight our commitment to differentiation through unique drug delivery solutions in the long term as well as our short term focus on brand recognition, strategic geographical positioning and revenue generation in the Australian and European markets as we set our sights on cash flow break-even and the profitability pathway.

In the long term, LGP aims to set itself apart from its peers by offering innovative drug delivery solutions that enhance patient outcomes. We recognise the importance of tailored and efficient delivery methods in maximising the therapeutic potential of cannabis medicines. By investing in research and development, we aim to develop proprietary formulations and drug delivery technologies that address specific patient needs. Our commitment to differentiation will ensure that LGP remains at the forefront of the industry and opens new opportunities for growth and success.

However, we also understand the need for immediate results and revenue generation. In the short term, we have strategically focused on our geographical stronghold and building brand equity in the Australian and European markets through patient acquisition as we edge closer to cash flow break-even. To achieve this, we leverage our deep knowledge of jurisdiction legislations to establish strategic partnerships and efficient distribution networks. This approach allows us to navigate the complex regulatory landscape effectively and position ourselves as trusted providers of cannabis medicines in these key markets.

One of LGP's strengths lies in our power of knowledge and our ability to be a first mover in emerging areas. Our ability to spot and seize opportunities before others has become a hallmark of LGP's success. We have demonstrated this with the Danish cannabis production facility we acquired where we foresaw the increase in demand for flower as well as the potential to service the blossoming European medicinal cannabis market. By capitalising on our foresight and staying ahead of the curve, we have positioned ourselves as pioneers in this field with one of the most trusted brands and continue to make significant progress.

LGP has a rich history of leading the cannabis industry. We were the first company in Australia to produce cannabis medicines for patients and also the first to export these products. Operating across the entire cannabis supply chain to ensure self-sufficiency and capture maximum value has

been incredibly insightful giving us an edge over our peers who typically operate with a single focus. We believe these verticals will be the eventual business model as consolidation occurs and again we are at the forefront of this.

I believe that this diversification makes LGP an undervalued gem, as we possess the expertise and capabilities to excel in multiple areas simultaneously, making us a stronger and more reliable investment choice. By focusing on drug delivery solutions in the long term and obtaining brand recognition in the Australian and European markets in the short term, we are poised for success. With our leadership position, expertise, foresight and commitment to research and development, we are confident in our ability to deliver exceptional value to our patients, shareholders, and the broader community.

All this said however, right now, our primary focus is achieving cash flow break-even and subsequently profitability to ensure we can sustain operations without relying on external financing while continuing to create value for our shareholders.

We remain devoted to pursuing long term goals that contribute to the betterment of human lives. Through continuous innovation and the dedication of our talented team, we aim to push the boundaries of what is possible in the herbal medicine field.

Thank you to the Little Green Pharma Board and team for your efforts throughout the year, and thank you to our shareholders for your continued support on this exciting journey. Together, we can achieve extraordinary things.

Yours in Health,

Fleta Solomon
Chief Executive Officer

4

Update from the Chief Operations Officer

Dear shareholders,

As Michael and Fleta have observed, it's been another busy year for LGP, with a range of developments for both the Company and the medicinal cannabis and psychedelics markets in general.

Australian business

During the year the West Australian production site continued to improve its operational efficiencies and to refine the company's product offering, achieving a stable operational rhythm capable of accommodating fluctuations in demand and the expansion of both Australian and global markets. In addition, the Australian business experienced growth in its export-oriented ventures through existing pathways and by establishing further partnerships in the UK.

To date, the Australian business has already supplied medicinal cannabis products into Australia, Germany, France and the UK and has further supply or distribution agreements with distribution partners in Poland and Portugal which it expects to deliver into during this financial year.

In late calendar year 2022, the Company achieved remarkable export success, receiving accolades in both the WA State and the 60th National Export Awards. Notably, it was recognised in the International Health category, highlighting its outstanding contributions as a leader in the field.

In November 2022, the Company received its first delivery of three new flower products from its Danish Facility, which were then introduced into the Australian market. These products have garnered substantial success and in response to this positive reception and in order to adapt to evolving trends, the Company has swiftly expanded its range of flower offerings and is actively pursuing emerging product trends.

In positive regulatory news for the company the Therapeutic Goods Administration (TGA) introduced changes to the Therapeutic Goods (Standard for Medicinal Cannabis) (TGO 93) Order 2017. As per the updated changes, starting from the 1 July 2023, imported medicinal cannabis products will be required to adhere to quality standards that closely align with those applied to Australian Good Manufacturing Practice (GMP) manufactured goods. These changes effectively establish a more uniform set of GMP manufacturing requirements for imported medicinal cannabis products entering

the Australian market. Consequently, long-standing suppliers who have not met the GMP standards are anticipated to face market impacts due to this regulatory shift.

Post financial year, the Company was re-appointed as a primary CBD oil manufacturer of its 1:20 CBD oil for the third year of the extended French medicinal cannabis trial alongside two other global cannabis suppliers. The success will mean the Company will obtain unique insights and influence over the development of the future medicinal cannabis statutory framework in France, including its reimbursement status. The Company will also be compensated €14 per unit for medicines supplied during the extension period.

European business

LGP remains committed to its established strategy of capitalising on the immense potential of European markets for long term growth and diversification. Financial year 2023 was a solid year for the Company's European business, with its Danish Facility entering into new distribution agreements with German, United Kingdom and Nordic distributors, including Demecan, Cannamedical, Illios Santé, Sana Life Science, Nordic Range and Hilltop Leaf. During the period, the Company also parted ways with Four 20 Pharma after the regulatory conditions precedent were not satisfied in time under the Agreement, with the Company instead placing the relevant cannabis strain under a second supply agreement with Cannamedical.

In December 2022, the Danish Facility accomplished a significant milestone by successfully delivering its inaugural shipment to its trusted distribution partner, Demecan, in Germany just after its first shipment of three new medicinal cannabis flower strains into the Australian markets as mentioned above. Getting these shipments to market is no simple matter, and I want to express my utmost appreciation to our dedicated Danish and German teams for their exceptional contributions in this regard.

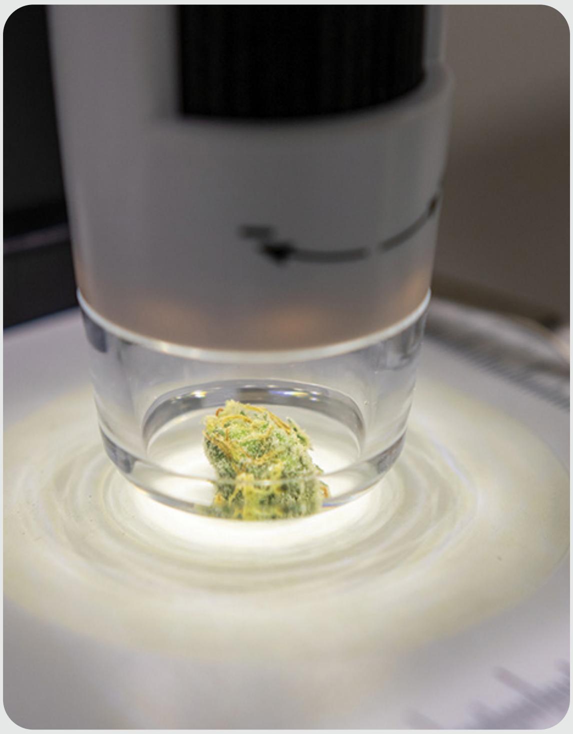
During the reporting period, LGP's Danish facility invested heavily in new strain and cultivar development. A comprehensive evaluation of over 1,000 different phenotypes was conducted, resulting in the selection and ongoing development of more than twenty new cannabis strains tailored for the Australian and German markets. Encouragingly, the initial three developed strains have already gained significant popularity and success in both markets. As with the Australian facility, the European business has now also established a reliable supply cadence for these products into the Australian market, with the capacity to expand as much as the Company requires.

All of this came against a background of significant power price volatility in the Danish and European markets, with the Danish facility recording an

increase of 68% in the average power price between the 2022 financial period and the 2023 financial year, before retreating in recent months to approximately half of the 2023 financial year average. Despite these challenging circumstances, the Danish facility responded to the situation with an effective power consumption and optimisation strategy to offset the worst effects, resulting in an almost 50% reduction in power usage for the financial year.

Psychedelics business

Since 2021, the Company's psychedelics business, owned and operated by subsidiary Reset Mind Sciences, has been diligently establishing a solid, market-leading business in psychedelics, and particularly psilocybin. This has included over 18-months developing and implementing a Phase II clinical trial into the use of psilocybin assisted therapy to treat refractory chronic depression (for which ethics approval was received in March 2023), as well as an 18-month process designing and constructing a purpose-built GACP mushroom cultivation facility to enable the production of psilocybin active pharmaceutical ingredients, which was delivered to LGP's production facilities in March 2023.



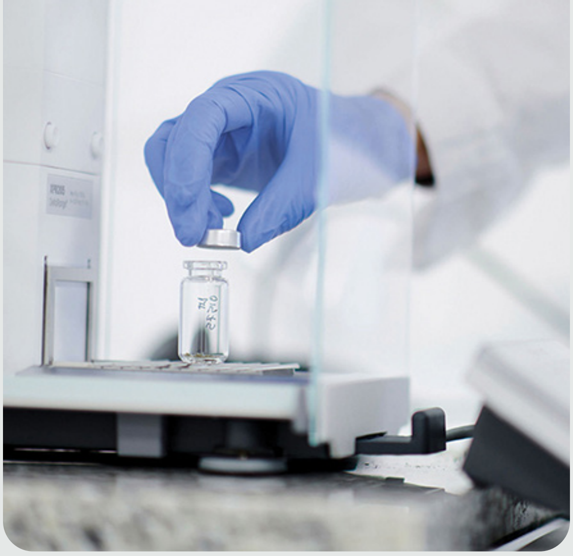
Also in March 2023, the Company signed a strategic alliance agreement with Health Insurance Fund of Australia (**HIF**) to establish a proof-of-concept mental health treatment facility. This facility will benefit from the use of a modified version of the Company's ethics approved treatment protocols, with capability to deliver psychedelic assisted psychotherapy to eligible patients and deliver real-world treatment data to help HIF potentially develop a psychedelics product for members. As a part of the strategic alliance HIF will fund $250,000 towards clinic establishment and the parties have agreed to a period of exclusivity to negotiate the joint development of further treatment centres based on the initial treatment facility concept.

Post financial year, the Company installed and commissioned its GACP psilocybin mushroom cultivation facilities at the Company's South-West production operations and commenced cultivation of psilocybin mushrooms.

Combined with the opening of the Australian psychedelics market in July 2023 these market developments have given further impetus to the LGP Group's plans to demerge the Reset Mind Sciences business as soon as possible.

Research & innovation business

During the year, the Company successfully completed its full 12-month assessment of patients under its QUEST Initiative following a very encouraging 3-month interim analysis. LGP has also successfully been granted ethics approval for a further clinical study called QUEST – Global Initiative, which will focus on the health economic impact of medicinal cannabis on patients with chronic disease and commenced Australian recruitment in the first quarter of financial year 2024.



LGP and Curtin University also successfully achieved the second milestone of LGP's novel drug obesity trial, which supports progression to the third, chronic phase involving longer term investigation in diet-induced obese mice. The trial examines the ability of selected phyto-and endo-cannabinoids to induce secretion of a powerful hormonal mediator known to induce satiety, slow down digestion, lower blood sugar and ultimately promote weight loss.

In November 2022, the Company received ethics approval to begin a clinical trial (**SleepWell Study**) for the registration of its Schedule 3 CBD product for stress reduction and improved quality of sleep. The Company is now considering various funding and partnering options to progress the SleepWell Study and Schedule 3 product registration.

The Company also continued to supply products to clinical trials with Southern Cross University, who is trialling LGP 10:10 oil for the treatment of fibromyalgia, and Centre Hospitalier Regional d'Órleans, who are evaluating the impact of LGP's CBD products on the symptoms and inflammation of adults living with HIV.

Shareholder communications

A recent internal review by LGP has revealed 70% of our shareholders receive their shareholder communications by post, meaning the Company spends thousands of dollars a year sending out these communications. We would request that shareholders take 60 seconds to help us reduce costs and paper waste by opting to receive all shareholder communications by email: www.computershare.com.au/easyupdate/lgp

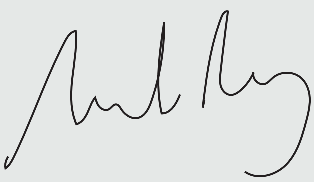
In addition, a review of our internal shareholder email communications database has shown many shareholders and subscribers are not receiving all of our email and other electronic communications. We are working to rectify this as soon as possible however we would welcome you to re-subscribe to ensure you get all the latest information from LGP as part of our expanded communications endeavours.

Thank you to the LGP team

Spanning across the globe, with presence in Denmark, Germany, Perth, and both Eastern and Western Australia, our passionate LGP team triumphs over the barriers of time zones and geographic distances. They overcome these challenges through unwavering dedication, fostering a culture of trust amongst team members. The close-knit connections between the team form the bedrock of collaboration, ensuring highly effective coordination and aligned efforts. These strong relationships fuel the team's drive and enable them to navigate any obstacle that comes their way, fostering a sense of unity and shared purpose throughout the organisation.

As I reflect on another big year, encompassing the usual highs and lows amidst the demanding landscape of global cannabis markets, I want to express my heartfelt thank you to each member of the LGP group. Your unwavering commitment, tireless efforts, and dedication have been instrumental in overcoming the challenges we faced this year. Through it all, we have remained focussed in our pursuit of excellence and quality, propelled by our collective expertise, professionalism, and passion. Financial year 2023 once again reaffirmed our belief in having the most knowledgeable, skilled, and committed team in the industry. I extend my deepest appreciation to everyone for their exceptional contributions. Thank you all for your remarkable work.

Warm Regards,



Paul Long
Chief Operations Officer

5

Little Green Pharma
A snapshot

Little Green Pharma started its life early in 2017 with limited ambitions: as a way to make medicines for a girl debilitated by epileptic seizures. However very quickly our CEO, Fleta Solomon, saw the potential to both supply a much larger group of Australian patients, and to expand the Company's operations into European markets where Australian manufacturers were uniquely positioned.

At this point she changed the Company's mission to bringing medicinal cannabis products to all Australian patients, and to bring Australian medicinal cannabis to Europe. She also brought in many of the key employees who remain with the Company today.

Since its relatively humble origins, the Company has changed dramatically. It went from private, to public, to ASX listed in three short years. It has gone from 3 employees, to over 100. From 20 shareholders to over 13,000. From 1,600 units a year, to over 160,000. From an installed production capacity of 100kg, to well over 30 tonnes of biomass per annum. From supplying into a single market, to supplying more markets than almost any other producer globally. From a small medicinal cannabis operation to a large global medicinal cannabis supplier combined with a rapidly growing psychedelics business.

However, the Company has not communicated its business advantages by way of comparison to its peers in the Australian and global markets. The Company intends to more regularly release presentations to close that gap, and you will see more discussion around these themes over the coming months. In short, LGP regards itself as

an amalgam of the various offerings of multiple medicinal cannabis and psychedelics companies operating in Australia, with frequently comparable or preferable product and services to companies who operate solely in a discrete supply chain silo. In addition, the Company's history demonstrates it is a consistent first mover in identifying new value propositions within existing or brand new herbal GMP industries and can monetise these opportunities rapidly. LGP regards these skills as essential to its continued success in the global cannabis markets.

Today, the LGP team is spread across the world, with employees in Perth, the South-West of Western Australia, East Coast Australia, Denmark, UK and Germany, including our most recent Board appointee, Ms Beatriz Vicén Banzo in Spain. The Company prides itself on diversity, with a board that is 40% female and a team which consists of over 65% women and an age range of 23 to 75.

The Company also prides itself on being nimble, with a small executive and production responsibilities devolved to the Asset managers, allowing it to pivot quickly and make rapid commercial and strategic decisions without unnecessary bureaucracy. The Company runs a lean ship compared to its competitors, with many employees holding multiple roles and additional responsibilities, allowing effective communication and information sharing across silos.

Day to day, the Company operates across multiple verticals and multiple time-zones. At any given time, the LGP team can be found identifying new strategies and commercial opportunities in global GMP medicinal herbals markets; negotiating deals with Australian distributors and pharmacies; liaising with new and existing European wholesalers and distributors; cultivating and manufacturing products through the production cycle; developing new products and optimising market engagement strategies; reviewing operating structures with a view to further reducing costs; engaging with regulators in numerous jurisdictions in relation to emerging issues or national supply arrangements; arranging domestic and international shipments; tendering for new supply items; sharing know-how between assets and gaining global market insights; educating prescribers through Medical Science Liaison teams and online platforms; and managing external enquiries and its pharmacovigilance responsibilities.

The result of all of this has been a lot of successes – the Company was Australia's first medicinal cannabis producer and exporter; it successfully acquired one of the largest GMP cannabis manufacturing facilities in Europe for C$20 million after the previous owner had spent C$115 million setting it up, and in just two-years has turned it around operationally; it supplies medicinal cannabis into more markets than any Australian company and nearly all other global producers as well; it has successfully positioned itself for the opening of the Australian psychedelics market in July 2023; it has won and been short-listed for several industry, export and customer excellence awards; and it has continued to scale and refine its high-quality production facilities back home.

The Company has also had its share of disappointments: it was unable to complete its preliminary plans to list on a European exchange in 2019, it overestimated the experience and capabilities of the previous owners of the Danish facility and as such has taken longer and cost more to turn it around than expected, and most of all its receipt of the 2022 TGA infringements for alleged unlawful advertising.

LGP regards prescriber, patient, investor and stakeholder trust in LGP as a cornerstone value of the Company, and the TGA fines in particular were received with shock and disappointment given LGP's long-standing focus on compliance.

That said, the fines spurred the Company to undertake a detailed review of its compliance and review processes to ensure all current and future communications with patients and the public fall within the strict boundaries on the prohibitions of the advertising of therapeutic goods.

LGP has continued to deliver on its growth strategy in the Australian medicinal cannabis market and has successfully used this to springboard into high-value markets in Europe as they have opened up. This strategy continues to pay off and we believe is key to the Company's future success.

The Australian medicinal cannabis market today in particular is tough. The decision to permit non-GMP cannabis medicines into the Australian market for the last five-years has meant serious competition from lower-cost, lower-quality international producers, and the legislative changes in July won't necessarily stem the tide.

Meanwhile, the Australian and European medicinal cannabis markets continue to evolve rapidly. Initially, given the TGA's earlier view on combustible products, the Company focused primarily on cannabis oil products and worked to become the number one supplier in Australia. However, over time, the market changed and from an initially very low market share, today medicinal cannabis flower products make up the majority of the Australian and German markets, while medicinal cannabis

oil sales grow at a slower, more linear rate and the CBD Schedule 3 market future remains uncertain. Given their recent history, it is therefore likely these markets will continue to evolve rapidly until maturity.

As a result, we expect the future Australian and European medicinal cannabis markets to have their share of casualties and consolidation, as the industry matures and those unable to compete fall by the wayside. But as with all challenges there will be rewards, with the prize going to those who survive: being those with the capability to meet the continuing demand for high quality products at reasonable prices.

LGP will be one of those companies.

It's also crucial that we address our share price at this time. It's been a challenging period for small cap companies, especially those who have not yet achieved profitability. Capital is scarce, and allocation scrutinised very closely. The listed Australian medicinal cannabis industry has generally experienced relatively significant declines across the Board, as investors moved their money into more traditional, conservative stocks.

However, LGP's share price has been under pressure over the past 12-months for other reasons, too. The first has been the ongoing, on-market divestment by a former major shareholder, Elixxer Ltd since early 2022. In March 2023, a significant proportion of their remaining shares were purchased off-market by LGP's now-biggest shareholder, Thorney Investment Group, which has eased this downward pressure. As at late April, Elixxer held ~2.6 million shares (0.88%) in the Company.

Another factor has been the C$10.0 million deferred payment due to Canopy Growth Corporation in relation to the Company's purchase of its Danish facility in 2021. To resolve this, with the funds from the March 2023 Placement the Company fully extinguished the remainder of this deferred payment in early April. As above, in a capital constrained environment, the confidence of professional and institutional shareholders in the Company was appreciated.

With these issues successfully managed, the Company is now entirely focused on reaching cash flow break-even, at which point LGP expects its share price to properly reflect its achievements to date.

6

Strategy

LGP's core strategy remains unchanged: build sales in operating jurisdictions, leverage the resulting manufacturing expertise and capacity to unlock other high-value markets, and continue to develop new and innovative products to gain short term market share and facilitate long term growth.

This strategy has led LGP into many directions:

2018	We developed the first locally produced medicinal cannabis product in Australia.
2019	After recognising the potential of the German market for Australian suppliers, We made preliminary plans to list on a European exchange and developed a wide range of oil products.
2020	We successfully listed on the ASX and exported our first products to Europe.
2021	We acquired one of the largest GMP cannabis flower manufacturing facilities in Europe from the world's largest cannabis company, embarked on the world's largest clinical study into medicinal cannabis for the treatment of chronic conditions, began supplying into the French national cannabis trial, and started our psychedelics business.
2022	We built our EU market foundations with key distributors, obtained ethics approvals for our schedule 3 CBD product, optimised our production assets in Denmark and Australia, and developed a broad genetics bank for our Danish facility.
2023	We started delivering new Danish flower products into Australia and Europe, obtained ethics approval for our psilocybin clinical trial, and signed our strategic psychedelics partnership with a private health insurer.

The Company's growth strategy comprises three key pillars:

1

Patient acquisition in operating jurisdictions

Sales in Australia and Denmark demonstrate market validity and generate immediate cash flow to support development of international pathways.

2

Clear pathway to international sales

Early mover commercial volumes in international markets the primary mechanism to secure and grow offshore market share.

3

Product and drug delivery innovations

Develop unique delivery systems for patients in the future to solve real patient problems and differentiate LGP.

One opportunity has typically led to another. Our attempt to list on the German DAX opened the door to our key distribution partners in Germany, which in turn presented the opportunity to acquire our Danish facility from Canopy and turn it around. We've also learned the value of a broad product portfolio, and of trusted partnerships.

Today we have a secure, expandable portfolio of cannabis products, excellent distribution partnerships across Australia and Europe, various R&D growth opportunities, an excellent brand and reputation in Australia and Europe, and a market-leading psychedelics business. We have a team of experienced veterans, many of whom have been here since the beginning, with broad expertise across the corporate, sales, cultivation, manufacturing, regulatory, and quality domains. Our strategy has led us in many directions, and while we move faster than anybody else, it is never fast enough for us. Today we hold a unique position in the Australian and European cannabis markets, ready to capitalise on whatever the global environment and cannabis markets may bring.

7 Cultivation and *manufacturing*

During the year both the Australian and Danish facilities continued their right-sizing programmes to optimise production and cut production costs.

In Denmark, the Company substantially completed its genetics programme, with the Company continuing to pheno-hunt to ensure its product offerings remain relevant to the Australian and European markets. LGP Denmark also switched over its last operational grow rooms to LED lighting to minimise power consumption during the ongoing period of high Danish electricity prices due to the war in the Ukraine, which when combined with optimised ventilation, has further improved plant yield by >20%. Today, the aggregate yield on plants is over double from the date LGP acquired the Danish facility. The Danish facility also successfully passed a number of customer audits during the year and delivered the first of its newly developed flower products into Germany, Australia and the United Kingdom.

In Australia, the Company completed commissioning of its third phase expansion of its manufacturing facilities, which allows the simultaneous completion of multiple oil production processes and accommodation of full capacity GMP flower manufacturing from the Company's cultivation facilities. LGP's Australian facilities have also implemented various cost-reduction initiatives around transportation and power throughout the year.

9 Health practitioner engagement *and customer care*

During the financial year, LGP's practitioner engagement team continued to engage with healthcare professionals to support their education into the benefits of cannabinoid medicines, including:

- online training courses, webinars, virtual and face-to-face meetings typically provided by independent medical practitioners and frequently with specialised content around particular conditions
- support of practitioners with education and assistance to navigate the TGA application process, with strong medical science liaison representation across both east and west coasts
- portals for patients and healthcare professionals to access a range of resources to improve professional knowledge, as well as the Greenchoices.com.au directory that connects patients to doctors familiar with prescribing medicinal cannabis.

8 Sales and *distribution*

During the financial year, LGP achieved $19.9 million in sales revenue, up from the $10.5 million for the prior 9-month period ended 31 March 2022 with Cannabis flower products continuing to be the preferred dosing formulation for the Australian and European markets.

Australia

During the financial year:

- LGP launched three new high-THC flower products from its Danish facility into the Australian market, with all three seeing strong demand and growth
- LGP's oil product sales continued to grow at over 50% for the financial year compared to the 9-month prior period

LGP also engaged two new wholesalers to improve access to LGP products for pharmacies across Australia.

Europe

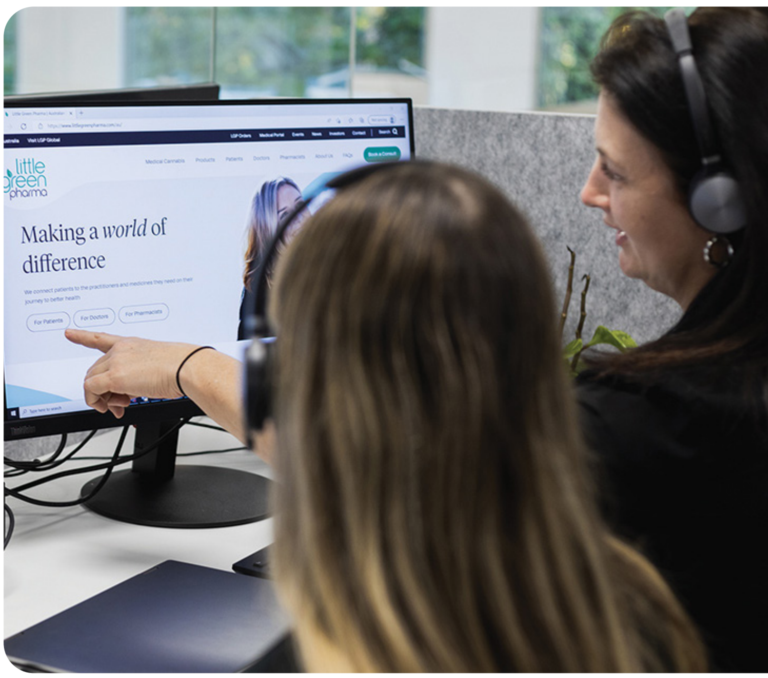
In Europe, the Company continued to build out its distribution platform, entering into supply and distribution agreements with Demecan, Sana, Illios Santé, Cannamedical, Hilltop Leaf and Nordic Range.

LGP is now a clear leader in Europe, having supplied products into Germany, France, Denmark, the United Kingdom, Italy and Belgium, with additional distribution agreements in Sweden and Poland into which the Company expects to deliver in the coming year.

In December 2022, LGP's export success was recognised by its victories at the 60th Australian Export Awards and 2022 Western Australian Export Awards in the International Health category.

LGP also launched a new online booking service for patients, LGP Connect. This service is managed by our Customer Care Team who connect thousands of patients with independent and experienced prescribers of cannabis medicines.

LGP's Customer Care Team is responsible for supporting patients throughout their medicinal cannabis journey, from finding practitioners familiar with medicinal cannabis prescribing, to supporting patients with clinic, prescriber and pharmacy engagement. LGP's Customer Care Team has emerged as the industry's most trusted and effective customer support service and has become a key distinguishing feature from the services provided by other medicinal cannabis sponsors in Australia. In recognition of its efforts, LGP's Customer Care Team was a finalist in the 2022 Australian Service Excellence Awards.



10

Research and *innovation*

A key component of LGP's strategy is the development of innovative pharmaceutical products specifically designed to improve patient outcomes. This includes launching an expanded range of medicinal cannabis oil and flower products to meet immediate patient demand in Australian and overseas markets; scientific validation of these medicines through real-world clinical studies; and the development of innovative prescription medicines, including novel delivery systems and precisely formulated cannabinoid products.

Product development

LGP and Curtin University have now achieved the second milestone of LGP’s novel drug obesity trial. This trial examines the ability of selected phyto- and endo-cannabinoids to induce secretion of a powerful hormonal mediator known to induce satiety, slow down digestion, lower blood sugar and ultimately promote weight loss. These outcomes supported progression to the chronic phase involving longer term investigation in diet-induced obese mice, with these final formulations to be tested to confirm reversal of obesity in these murine models.

Clinical studies and investigations

During the financial year, LGP's hallmark quality of life study, the QUEST Initiative, successfully completed its full 12-month assessment of patients in March 2023. The findings of the 3-month interim analysis were very encouraging and have been submitted for publication in a peer-reviewed scientific journal.

LGP has also successfully been granted ethics approval and has signed a research services agreement for a further clinical study called QUEST – Global Initiative, which will focus on the health economic impact of medicinal cannabis on patients with chronic disease, which commenced Australian recruitment in the first quarter of financial year 2024. The QUEST studies provide significant real-world evidence in support of LGP's medicines as well as increased prescriber and patient confidence, with the costs of these studies fully funded from patient participation fees.

LGP has previously partnered with Southern Cross University to undertake a double-blinded, randomised placebo-controlled, phase-2 clinical trial involving 30 participants administered LGP Classic 10:10 for symptom relief of fibromyalgia (CANN-RELIEF Trial). The clinical trial has now received full ethics approval with recruitment to begin immenently.

LGP has also partnered with internationally renowned infectious disease expert Dr Thierry Prazuck and his team at the Centre Hospitalier Regional d Órleans in France to conduct a clinical trial evaluating the impact of CBD intake on symptoms and inflammation in adults living with HIV, using LGP's CBD50 medicine. During the year, full participant recruitment was completed, and the final patient blood-samples were collected by February 2023. Detailed information on inflammatory responses and related biomarkers will be evaluated with over 32,000 individual tests planned. Research partnerships such as this solidify the Company's brand presence and scientific strength in France, a significant emerging medicinal cannabis market.

French trial

In January 2021, alongside three other companies, the Company and its French distribution partner were awarded a primary supplier role for two of LGP’s CBD oil products into a two-year French medicinal cannabis trial (**Trial**) conducted by the French national medicines regulator, the ANSM.

Since that time, the Company has become the largest single supplier to the Trial, with over 85% of the 3,000 Trial participants starting their treatment with LGP products, leading to the delivery of almost 60,000 units of its cannabis oils to date. This has resulted in the Company becoming a well-recognised supplier in France and developing strong relationships with the ANSM and French Health directorate, the DGS.

The Trial has already shown consistently beneficial clinical outcomes over its first two-years, with 91% of the current 1,453 patients reporting positive results and various expert reports on the Trial interim results all providing positive feedback. The resulting Trial study will also comprise one of the largest European data collections on cannabis, with the success of the Trial already generating calls by patient associations for the legalisation of medicinal cannabis as soon as possible.

In September 2022, the French health regulator confirmed the extension of the French medicinal cannabis trial for a further year, until March 2024 with the Company being awarded the primary supplier role for its 1:20 cannabis oil for the additional year at a reimbursement rate of €14 per unit.

LGP’s continuing participation as an ongoing supplier to the Trial will consolidate the Company’s reputation in the French market, as well as giving the Company unique insight and influence over the development of a future medicinal cannabis statutory and economic framework in France, including its reimbursement status.

LGP believes its success in the trial continues to confirm the advantages of developing a robust, export-led sales strategy as well as its status as a significant global exporter of medicinal cannabis. If medicinal cannabis is subsequently legalised in France, LGP believes the limited number of trial suppliers will give LGP a rare first mover opportunity to capitalise on one of the largest potential medicinal cannabis markets in Europe.

11

Psychedelics

During the year, LGP's psychedelics subsidiary, Reset Mind Sciences (Reset), focused on the development and construction of its custom designed mushroom cultivation facility and development and implementation of its clinical trial using psilocybin.

Construction of Reset's mushroom cultivation facility continued throughout 2022 and was installed and commissioned in early 2023, with cultivation commencing in May 2023.

During the year, Reset finalised the design and protocols for its clinical trial using psilocybin assisted therapy for patients with treatment resistant major depressive disorder. The trial subsequently received final ethics approval in February 2023 and is expected to commence patient recruitment in the near term.

In early 2023, the TGA announced it would allow psychiatrists, under strictly defined parameters, to prescribe psilocybin for treatment resistant depression and MDMA for PTSD under its Authorised Prescriber scheme from 1 July 2023. Given the significant body of work undertaken over the last two-years, Reset is now in an ideal position to bring forward its commercialisation plans to capitalise on this regulatory change.

12

Environmental, Social, Governance (ESG)

A World of Difference

Pathway to sustainability – green, on both sides of the equation

LGP’s core business of supplying cannabis medicines to patients suffering a variety of medical conditions means the Company already has a strong ESG profile.

In particular, LGP's product and service offerings mean the Company automatically scores very strongly across three of the Six Dimensions of Impact, being economic vitality, lifetime well-being, and societal enablement.

Meanwhile, LGP's Green Committee focuses on the Group's performance against the remaining Six Dimensions of Impact with the goal of identifying any remaining deficiencies and facilitating the Company’s ESG compliance journey.

We believe these efforts will create distinctive competencies and create value for the benefit of both shareholders and society.

The following table sets out the Six Dimensions of Impact including the Company’s current performance and areas of focus:

Impact dimension	Areas of focus	Status	Highlights
Economic vitality	Meaningful occupational purpose	✓	Group employees are engaged in meaningful careers that contribute significant economic benefits to broader society and stakeholders.
	Creating jobs across supply chain (internal & external)	✓	Group engages a broad and diverse workforce and contractor base across entire supply chain, from cultivation through to distribution and stakeholder engagement.
	Regional and community contribution	✓	Group provides significant employment and recruitment opportunities in regional WA and regional Denmark.

Impact dimension	Areas of focus	Status	Highlights
Environmental sustainability	Energy consumption and management	➔	LGP purchases 50% renewable power for its Danish operations. Given the high power prices due to the Ukraine War, LGP's Danish facility conducted power consumption reduction projects throughout the year including replacing the HPS lighting with LED in its operational rooms. The facility also disposes of its organic waste to a local Danish renewable power producer who in turn generates and supplies waste heat to LGP's facility which is used to warm the facility and reduce power consumption. During the year, LGP had a 100% renewable power supply agreement for its West Australian facilities, including its indoor cultivation facilities, however due to transmission equipment limitations at the Company's manufacturing site the Company was required to rent generating equipment to supply some of the site's power requirements. The Company continues to resolve the transmission limitation issue and in the interim has significantly reduced its reliance on generator power by dividing its usage to enable access to grid supplies. The Company is also investigating installing solar capability at site to reduce reliance on the grid.
	Pesticide and contaminant management	✓	The Group uses organic, non-hazardous, non-dangerous protectants as part of its integrated pest management regime.
	Water and wastewater management	✓	The WA facility uses hydroponic watering systems that minimise water loss and maximise application. The Denmark facility collects rain water from the rooftops of all its facilities and uses this to water its crops. All excess water from watering is collected in tanks and reused. The facility can store up to 9,000m^3 of rainwater on site in closed basins. Only wastewater from processing and cleaning in WA are disposed via sewerage systems.
	Waste and hazardous materials	➔	All organic waste is composted on site at WA facility, while LGP's Denmark facility currently provides its organic waste to a local Danish renewable power producer who in turn generates and supplies waste heat to LGP's Danish Facility used to warm the facility and reduce power consumption. Rockwool used in LGP's Danish production facilities is redelivered to producer and recycled. The Danish facility has also introduced a waste management recycling programme covering its paper, plastic, metal and biological waste outputs. In LGP's WA facilities, ethanol is reclaimed and disposed of in compliance with all regulatory requirements.
Lifetime well-being	Improving quality of life of patients and employees	✓	LGP's products and services significantly and positively impact patient quality of life.
	Provide benefits and opportunities for employee growth	✓	A flat management structure, broad geographic reach and rapidly growing Group provides broad and frequent opportunities for the development and growth of LGP employees.
	Supplying reliable medicines to patients	✓	Company has consistently provided high-quality cannabis medicines to the Australian and European markets since 2018.
	Product quality and safety	✓	All Company medicines meet stringent regulatory requirements for all applicable markets and Company's pharmacovigilance activities demonstrate a beneficial safety and risk / benefit profile for its medicines.
	Customer welfare	✓	Company strives to address all prescriber and patient concerns and has received consistently positive feedback and testimonials.

Impact dimension	Areas of focus	Status	Highlights
Ethical capacity	Compassionate access	✓	Company offers a compassionate access programme to eligible patients.
	Data security	→	Company utilises high security rated platforms and software in connection with storage of any personal information and complies with applicable privacy guidelines.
	Board gender and independent governance structure	✓	Company currently has 40% female Board representation including one female non-executive director and one female executive director, as well as a majority of independent non-executive directors.
	Strong leadership and business ethics	✓	Company enjoys high-performing leadership and management culture with robust business ethics and practices.
	Selling practices and product labelling	✓	Company has helped pioneer innovative and lawful sales and marketing practices in a restrictive regulatory environment. Company to comply with all enhanced TGA product labelling requirements post 1 July 2023.
Societal enablement	Patient feedback	✓	Company consistently receives positive feedback and testimonials and its pharmacovigilance activities demonstrate a beneficial safety and risk/benefit profile for its medicines.
	Customer service	✓	Company provides excellent customer, prescriber and patient service and frequently goes beyond the call to assist stakeholders.
	Access and affordability	✓	Company provides significant support to prescribers and patients seeking to access medicinal cannabis, including through various product and educational platforms as well as medical science liaison and customer care teams. Company also provides a compassionate access programme as well as access to reduced price cannabis medicines through health insurance partnerships and clinical studies.
Access and inclusion	Employee health & safety	→	Group assets have a robust safety culture at all assets and enjoys a positive safety record since commencement of operations at all facilities. Company continues to refine safety culture, processes and training to reflect safety profile of each asset.
	Employee engagement & inclusion	✓	Group has strong employee engagement and inclusion practices, including through internal communications, reward programmes and Company-sponsored activities and events. Company strives to provide an inclusive workplace for a diverse workforce, including flexible working practices. Company outsources appropriate tasks to a local disability employment provider at its WA production facility.
	Workplace transparency	→	Company generally provides transparent communications, updates and feedback to workforce, with general improvement throughout financial year. Company to move towards expanding internal communications in line with expanded external communications strategy.
	Employee gender and age diversity	✓	Group has a workforce comprising of over 65% women, with an age range of between 23 – 75 and an average age of 43.

1. Reference - *Boston Consulting Group (April 2021), Young D and Gerard M, How to Tell if Your Business Model is Creating Environmental and Societal Benefits.*

KEY ✓ Achieved ⊗ Limited progress → On track

13

Directors' *report*

The Directors present this report for the year ended 31 March 2023.

Directors

As at the date of this report, the Directors of the Company are:

Mr Michael D Lynch-Bell, *Independent Non-Executive Chair*

Dr Neale Fong, *Independent Non-Executive Director*

Ms Beatriz Vicén Banzo, *Independent Non-Executive Director*

Ms Fleta Solomon, *Chief Executive Officer*

Mr Angus Caithness, *Executive Director*

The Directors listed above held these positions throughout the financial year with the exception of Ms Beatriz Vicén Banzo who was appointed on 7 July 2022 and held that position for the balance of the financial year.

The Directors listed as Independent Directors have been independent throughout the financial year.

Information on Directors

Michael D Lynch-Bell

Independent Non-Executive Chair

Michael is an experienced corporate finance executive and consultant. Michael was appointed on 13 November 2018. His early Ernst & Young career was focused on auditing clients within the oil and gas sectors and later added mining to his portfolio. Michael also led Ernst & Young's UK IPO and Global Natural Resources transaction teams in the Transaction Advisory practice. He has been involved advising companies on fundraising, re-organisations, transactions, corporate governance as well as IPOs.

Michael is a former Chair of the Bureau and current member of UNECE's Expert Group on Resource Management, non-executive Chair of Serabi Gold plc (SRB.L), and Senior Independent Director and Remuneration Committee Chair of Gem Diamonds Limited (LSE:GEMD). Michael is also Chair of the Company's Remuneration and Nomination Committee.

Dr Neale Fong

Independent Non-Executive Director

Neale is a registered medical practitioner with over 35 years in senior leadership roles in private hospitals, the public health systems, management consulting, academia, health research, aged care and not for profit organisations. Neale is currently CEO of Bethesda Health Care and formerly was Director General of the West Australian Department of Health. Neale is an experienced ASX company director and is currently independent chair of Intelicare (ASX:ICR). He is a former non-executive director of Neurotech International Limited (ASX:NTI) and executive chair of Chrysalis Resources Limited (ASX:CYS), and has been a Fellow of the Australian Institute of Company Directors since 2001. Neale is also Chair of the Company's Audit and Risk Committee.

Beatriz Vicén Banzo

Independent Non-Executive Director

With over 30 years working in the European pharmaceutical industry, Beatriz is a highly experienced and decorated expert in European pharmaceutical regulatory and quality assurance matters. Prior to joining LGP, Beatriz was the Director of Public Affairs (Market Access and Patient Advocacy), Regulatory and Quality Assurance for Bayer Pharmaceuticals and Consumer Health in Spain, Head of Regulatory Affairs and Permanent Executive Committee Guest at Novartis Pharmaceutical Company. Beatriz holds a Degree in Pharmacy and MBA from the University of Barcelona, a Masters in European Regulatory Procedures from Autonomous University (Barcelona) and a second MBA from ESADE Business School. Since 2015, Beatriz has also lectured the Masters programme at the Madrid-based Professional College Talento Farmacéutico and is fluent in four languages. Beatriz was appointed to Little Green Pharma in July 2022.

Fleta Solomon

Chief Executive Officer

Fleta drives the strategic vision of the business and as Chief Executive Officer of Little Green Pharma has grown the company from a medicinal cannabis startup to an industry leading medicinal cannabis brand in Australia and overseas.

Fleta has 20 years' experience in corporate and consumer health markets, is a graduate of the Australian Institute of Company Directors (**GAICD**) and holds a Bachelor of Science and an MBA from the University of Western Australia.

Angus Caithness

Executive Director

Angus is an experienced corporate finance executive and consultant in Australia and international markets. Angus has ASX experience as a non-executive Director of Lindian Resources (ASX:LIN), CFO of Hunnu Coal (ASX:HUN) and Company Secretary for the IPO of Haranga Resources (ASX:HAR). Following these roles, Angus acted as CFO of Tavan Tolgoi, the owner of the world's largest coking coal deposit looking at a US$10 billion dual listing in London and Hong Kong prior to the change in the Mongolian government.

Angus was previously an Executive Director at Ernst & Young in London and Australia specialising in initial public offerings of large cap mining companies. Angus is a Harvard Business School alumnus, a Chartered Accountant, has a Master of Science and is a fellow of the Financial Services Institute of Australasia.

Board and Committee meetings

The Directors held fifteen Directors' meetings, five Audit & Risk Committee meetings and three Remuneration and Nomination Committee meetings during the financial year:

	Directors' Meetings		Audit and Risk Committee		Remuneration and Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Michael D Lynch-Bell	15	15	5	5	3	3
Dr Neale Fong	15	15	5	5	3	3
Ms Beatriz Vicén Banzo	9	9	5	5	-	-
Ms Fleta Solomon	15	15	-	1*	3	3
Mr Angus Caithness	15	15	-	5*	-	3*

* Invited as guest

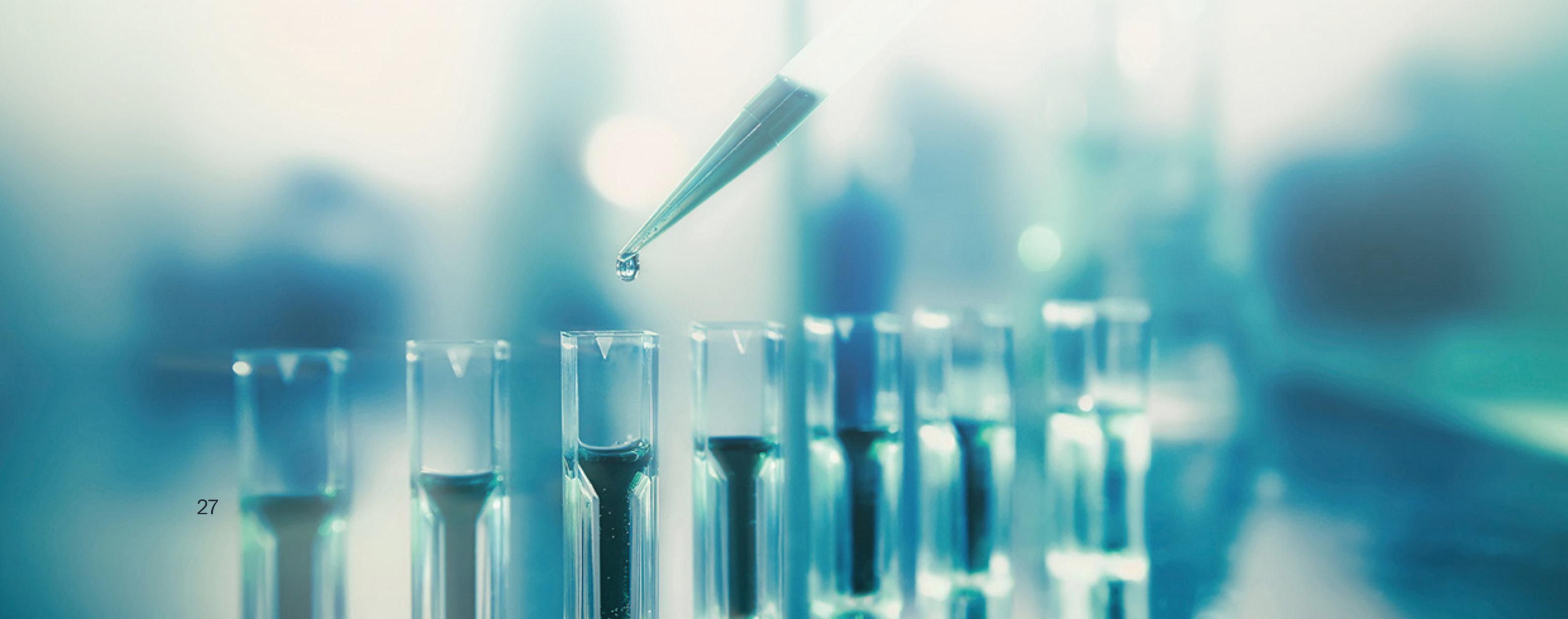
In addition, 51 circular resolutions were passed.

Principal activities

During the financial year the principal activities of the Company were:

- the cultivation of medicinal cannabis, procurement of raw materials and the production of medicinal cannabis medicines
- the establishment and continued development of distribution pathways within Australia, the EU, and other international jurisdictions
- ongoing research and development into new medicinal cannabis products and delivery technologies
- the ongoing development of a psychedelics business including the facilitation of a clinical trial into the treatment of refractory depression with psilocybin assisted therapy and construction of a psilocybin mushroom cultivation facility.

In the Directors' view, there were no significant changes to the principal activities of the Company during the financial year other than the development of its psychedelics business.



Review of operations

The operational review contained in both the Strategy section at page 15 and the operational review sections at pages 28 to 34 forms part of this Directors' Report.

Summary of key events:

Key events from the Company's 2023 financial year included:

- capital raisings of $10,114,000 and payment of $9,102,000 to Canopy Growth Corporation (**Canopy**) which related to LGP's acquisition of the Danish facility in 2021, with the remaining $4,110,000 million repaid post-year end
- finalisation of the Danish facility optimisation project including development of LGP's genetics portfolio and significant reductions in operating costs, resulting in the first deliveries of LGP's three best-selling cannabis flower strains to Australia in November, and its first deliveries of white-label products to key distributors in Germany in January 2023
- in February 2023, the TGA announcement of the scheduling changes to psilocybin and MDMA to permit MDMA and psilocybin assisted psychotherapy for the treatment of PTSD and refractory depression, respectively, under certain restricted conditions from 1 July 2023; while in March 2023, Reset was granted ethics approval for its phase 2 clinical trial into the treatment of refractory depression using psilocybin-assisted psychotherapy (**PAP**); and
- the receipt of infringement notices totalling $373,000 by the TGA for unlawful advertising. Further commentary around these infringement notices is contained at page 31.

Operational performance:

During the financial year, LGP:

- generated $19,859,000 in revenue, up 89% from $10,530,000 in the previous period of 9-months
- reduced its loss after tax by $9,081,000, from $18,286,000 to $9,205,000
- improved its gross margin excluding fair value adjustments from 40% to 51%
- paid $9,102,000 to Canopy with the balance of the deferred payment for the Danish facility being made in early April (refer below)

LGP finished its financial year with $12,400,000 cash in bank with the Company paying the $4,110,000 balance of its Canopy loan in early April 2023.

Costs:

Consistent with its focus on achieving cash flow break-even, the Company improved its gross margin and continued to reduce its other costs, including its overhead costs which were reduced by nearly 10% from $24,661,000 to $22,401,000 in a financial year 3-months longer than the previous reporting period.

Capital:

The Company raised $10,114,000 during the year from two placements and a share purchase plan. This enabled the Company to repay Canopy $9,102,000 during the year, with the remaining $4,110,000 being repaid post-year end, leaving the asset available for future financing if required. After corner-stoning the second placement in March 2023, Thorney Investment Group also became the largest shareholder in the Company with a total shareholding of 11.2%.

Sales:

During the year, the Company increased its cannabis sales by 90% compared to its previous 9-month reporting period, with flower sales increasing by over 160% and oil sales by over 50%. Sales in Australia increased nearly 85%, from $8,448,000 to $15,665,000, while sales into Europe increased by over 115%, from $1,792,000 to $3,913,000.

During financial year 2023, the Company's Danish facility agreed an EXW exclusive flower purchase agreement with long-time German distribution partner Demecan; entered into two exclusive EXW white-label flower supply agreements with German distribution partner Cannamedical, with the second supply agreement for the same flower as the terminated supply agreement with Four 20 Pharma; agreed an EXW cannabis flower supply agreement with German distribution partner Ilios Santé; won an Italian government tender for the supply of cannabis flower into Italy; agreed two EXW distribution agreements with distributors Sana Life Science and Hilltop Leaf in the United Kingdom and a further EXW agreement with Swedish distributor Nordic Range; and continued to progress product registration of its cannabis flower products in Portugal and Poland, with its Polish flower Market Authorisation anticipated in the second half of calendar year 2023.

LGP has now supplied into seven jurisdictions, being Australia, Germany, Italy, France, the UK, Denmark and Belgium with further supply agreements into Spain, Portugal and Poland. This gives LGP access to over 75% of EU and UK citizens and makes it the most prolific Australian medicinal cannabis supplier in Europe.

The Hon Patrick Gorman MP and Ms Fleta Solomon, Little Green Pharma, Chief Executive Officer

In late 2022, in recognition of its export strategy and achievements, the Company won the International Health category of the 60th Australian National Export Awards and the West Australian Export Awards. The National Export Awards are designed to honour the achievements of remarkable Australian exporters, see https://www.exportawards.gov.au/ for more details.

Reset psychedelics business:

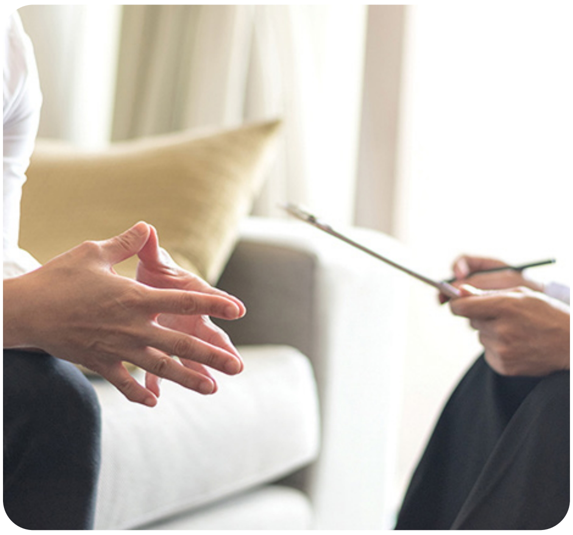
reset MIND SCIENCES

During the financial year, LGP's psychedelics focused subsidiary Reset Mind Sciences completed the 18-month design, construction, and installation process of its specialised GACP psilocybin mushroom cultivation facility at the Company's operations in Western Australia. Reset has completed commissioning and is currently cultivating its first psilocybin mushrooms.

In March 2023, Reset also received ethics approval for its phase 2 clinical trial into the treatment of refractory depression using Psychedelic Assisted Psychotherapy (**PAP**) and is currently finalising governance approvals, with patient recruitment expected to commence shortly thereafter.

Leveraging its expertise from development of its psilocybin clinical trial, in March 2023 Reset also entered into a strategic psychedelics partnership with Australian health insurance fund, HIF, to establish a proof-of-concept mental health treatment facility with capability to deliver PAP to eligible patients outside of clinical trials. Under the partnership LGP will receive a $250,000 contribution to setting up the facility, with the parties also agreeing to a period of exclusivity to negotiate joint development of further treatment centres based on the initial concept.

In early 2023, the TGA announced it would allow psychiatrists, under strictly defined parameters, to prescribe psilocybin for treatment resistant depression and MDMA for PTSD under its Authorised Prescriber scheme from 1 July 2023. With these changes, Reset believes its approved clinical trial and strategic partnership with HIF will give it a significant first mover advantage in the emerging Australian psychedelics treatment industry, with the Company proposing to demerge Reset as a matter of priority subject to prevailing market conditions.



Research and Innovation:

Obesity trial:

In March 2023, the Company achieved its second milestone of its novel drug obesity trial with Curtin University. This trial examines the ability of selected phyto-and endo-cannabinoids to induce secretion of a powerful hormonal mediator known to induce satiety, slow down digestion, lower blood sugar and ultimately promote weight loss. LGP expects the third milestone of its obesity trial to be completed in July 2023.

French trial:

In September 2022, the French health regulator confirmed the extension of the French medicinal cannabis trial for a further year, until March 2024. The Company has supplied its CBD cannabis oils to the trial for two-years and in May 2023 was awarded the primary supplier role for its 1:20 cannabis oil for the additional year.

LGP believes its success in the trial continues to confirm the advantages of developing a robust, export-led sales strategy as well as its status as a significant global exporter of medicinal cannabis. If medicinal cannabis is subsequently legalised in France, LGP believes the limited number of trial suppliers will give LGP a rare first mover opportunity to capitalise on one of the largest potential medicinal cannabis markets in Europe.

QUEST:

During the year the Company completed the full 12-month assessment of patients under its hallmark quality of life study, the QUEST Initiative, and received very encouraging results from its 3-month interim analysis. LGP has also been granted ethics approval for the QUEST Global Initiative, a second clinical study focusing on the health economic impact of medicinal cannabis on patients with chronic disease commenced recruitment in June 2023. The QUEST studies provide significant real-world evidence as well as increased prescriber and patient confidence in support of LGP's medicines, with the costs of these studies fully funded from patient participation fees.

Schedule 3 CBD product:
In November 2022, LGP received ethics approval of its phase III clinical trial in support of its proposed Australian Schedule 3 CBD product registration for stress reduction and improved quality of sleep. The Company continues to review its clinical trial structure as well as various funding and partnering options.

Clinical investigations:
The Company continued with its product support for a range of clinical investigations to help produce independent, clinically validated findings to inform the Company's future clinical trial plans and product development pipeline, including its partnership with Southern Cross University in a phase 2 clinical trial into symptom relief of fibromyalgia, and with Hospitalier Regional d Órleans in a clinical trial evaluating the impact of CBD intake on symptoms and inflammation in adults living with HIV, with the latter expected to also solidify the Company's brand presence and reputation in France.

Prescriber and customer care:
Healthcare practitioner education and outreach remains a critical component of LGP's strategy, with LGP continuing to provide comprehensive support and education to healthcare professionals including online training courses, webinars, and face-to-face and virtual meetings hosted by specialist independent practitioners. The Company also assisted with the development of an accredited medicinal cannabis educational course for pharmacists and website resources for patients and practitioners.

In October 2022, LGP's customer care team was a finalist in the Customer Service Team of the Year – Small in the Australian Service Excellence Awards. The Company's Customer Care team remains a clear leader in the service it provides to Australian prescribers and customers and the Board is proud to have its team recognised for this prestigious national award.

TGA infringement notices:
In September 2022, the Company received a number of infringement notices from the TGA in relation to certain text and images on its LGP website and social media channels. These infringement notices were for each for the lowest available fines for corporations (being $13,320), reflecting the relatively low-level nature of the offences, and totalled $373,000. The Company was surprised and disappointed at receiving the fines however undertook a comprehensive review of its regulatory review processes to ensure strict compliance with TGA and other regulatory requirements going forward. In January 2023, following a robust exchange of appeal submissions with the TGA, and considering the uncertainty of appeal prospects given the threshold for conduct constituting advertising in the pharmaceutical space (which are similar to the prohibitions against advertisements for smoking), the Company agreed to accept the fines in accordance with a payment plan payable through to July 2023.

Material Risks

The material risks affecting the Company are set out in Appendix 1 to this Directors' Report.

Corporate governance update

In July 2022, the Company appointed Ms Beatriz Vicén Banzo to its Board and Audit and Risk Committee. With the appointments the Company closed its prior two departures from the ASX Corporate Governance Principles and recommendations – 4th Edition.

Impacts and response to conflict and COVID-19

The ongoing war in Ukraine has negatively impacted European power prices with significant increases across all EU countries including Denmark. The Company has applied for cost relief and Government assistance where available. To date the war has not resulted in any material impact on obtaining critical materials and consumables.

As an essential goods provider the Company has continued to operate throughout the COVID-19 pandemic. The Company has taken measures to protect the health and welfare of its staff, maintain cultivation and manufacturing operations, review its cost base, manage cost exposure and counterparty risk, apply for cost relief and Government assistance where available, secure supply chains of critical materials and consumables and defer non-essential research and development.

Environmental issues and climate change

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Meanwhile, the Company believes it is relatively well-positioned to manage the effects of climate change compared to its peers and other industries.

Changing weather patterns:

Currently, the Company cultivates and manufactures its cannabis flowers in indoor and glasshouse cultivation facilities. These facilities are self-contained and rely primarily on electric LED lights and external water supplies and are not materially dependent on external climatic conditions, in contrast to outdoor and solar-dependent cultivation operations which are heavily influenced by both weather and temperature conditions. This also means these facilities are not subject to risks of lower plant productivity and yield or increased incidences of pest and diseases otherwise associated with climate change. The Company believes it is relatively well placed to respond to any future market shortages driven by the effect of climate change on third party outdoor and solar-dependent greenhouse cultivation operations.

Regulatory changes:

The risk of climate change may result in additional regulatory changes, including changes requiring mandatory carbon offsets for all non-renewable electricity supplies or restrictions on use of non-renewable electricity. In addition, changing environmental standards may result in water rationing and recycling and mandatory sustainable waste management practices. The Company purchased renewable power at both of its production facilities during the year and while the Company does not anticipate material regulatory changes in the short term, it is currently investigating capital works to include additional solar power production at its Australian facilities, while its Danish site supplies organic waste under an exchange agreement with a local biomass power station. The Company's sites both operate within high-rainfall areas which limits the potential for future water rationing, with the Company already recycling around 75% of its total water usage while both the Australian and Danish facilities use purified rainwater recovered from their facilities in their production cycle. Both of the Company's facilities also undertake sustainable waste management programmes including recycling various waste products, including organic waste, ethanol and growing mediums.

Company performance against expectations

The Company's operations during the year performed as expected in the opinion of the Directors.

Significant changes in the state of affairs

There were no significant changes in the nature or situation of the Company that occurred during the financial year that are not otherwise disclosed in this report.

After balance sheet date events

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, other than the repayment of the balance of $4,110,000 to Canopy Growth (discussed further above) to fully discharge the debt and the receipt of $1,878,000 in relation to the Danish research and development rebate.

Likely future developments

The Company expects to continue the manufacturing and production of medicinal cannabis products while increasing the volumes distributed. The Company also expects to spin out psychedelics company Reset Mind Sciences in the near term.

Dividends

There were no dividends paid or declared in the reporting period.

Remuneration report

The Remuneration Report detailed on pages 35 to 39 of this Annual Report forms part of this Directors' Report.

Directors' securities

The Directors' interests in securities are set out in the section "Performance securities and options" and the Remuneration Report.

Performance securities and options

During the financial year the following events and milestones occurred in respect of existing securities held by, and new securities subscribed for by, the KMPs, with remuneration-related securities issued to the KMPs detailed in the Remuneration Report:

- In February 2023, 450,000 share rights previously issued to non-executive Directors in connection with the Company's Initial Public Offering vested and were converted to shares. Executives also exercised the remaining 1.5 million performance rights which were issued to them prior to the Company's Initial Public Offering and which had all vested upon achievement of the share price milestones
- In February 2023, the KMPs were issued with 875,000 Placement shares and 875,000 Placement options with an exercise price of $0.25 which were previously approved by shareholders and subscribed for on the same terms and conditions as the November 2022 placement as other investors
- On 1 April 2023, 68,000 share rights approved by shareholders and issued to the executive KMPs relating to the Company's financial year 2022 ESIP programme vested and were issued as shares to the executive KMPs. The executive KMPs hold a further 68,000 share rights issued under the financial year 2022 ESIP programme which vest on 1 April 2024 subject to continued employment at the date of vesting
- In the previous financial year, shareholders approved the issue of 3.0 million performance rights to the executive KMPs which vest upon the Company achieving share price milestones of $0.95, $1.10, and $1.25 subject to the executive KMP remaining an employee at the date of vesting. To date, these share price milestone conditions have not been achieved; and
- In the previous financial year, shareholders approved the issue of 105,000 retention rights with a vesting date of 20 February 2024 to the non-executive KMPs subject to the non-executive KMPs remaining a Director of the Company at the date of vesting.

Auditor's Independence Declaration

The Auditor's Independence Declaration set out on page 49 of this Annual Report forms part of this Directors' Report.

Corporate Governance Statement

The Company's Corporate Governance Statement can be found at https://investor.littlegreenpharma.com/site/investor-centre/corporate-governancestatement-2023

Company Secretary

Mr Alistair Warren (LLB. BA. Grad. Dip. Applied Econs.) is General Counsel and Company Secretary for the Company. Alistair was previously inhouse legal counsel at BHP Group Ltd and a legal practitioner in private practice with Freehills lawyers (now Herbert Smith Freehills).

Indemnification and insurance of Directors and Officers

Under the Company's constitution, the Company indemnifies any current or former Director, Company Secretary or Officer of the Company or a subsidiary of the Company out of the property of the Company against (a) any liability incurred by that person in that capacity, (b) legal costs incurred in connection with proceedings, or (c) legal costs incurred in good faith in obtaining legal advice on issues relevant to their performance of functions and duties if approved in accordance with Company policy, except where the Company is forbidden by law to indemnify against such liability or costs or would be void under law.

Each Director and Officer has also entered into a Deed of Indemnity, Access and Insurance that provides for indemnity against liability as a Director or Officer, except to the extent such liability is prohibited by the Corporations Act 2001 or any applicable law or recovered under a separate policy of insurance. Pursuant to the Deed, Directors and Officers may also obtain independent professional advice at the Company's cost in connection with any matter connected with the discharge of that person's responsibilities, subject to the Board's written consent, as well as advice in connection with any claim prior to the Company assuming conduct for the claim or with the Board's consent.

The Deed also entitles the Director or Officer to access Company documents and records, subject to undertakings as to security and maintenance of privilege, and to receive Directors' and Officers' insurance cover paid for by the Company.

During or since the end of the financial period, the Company has paid or agreed to pay a premium in respect of a contract of insurance insuring the Directors and Officers of the Company and its subsidiaries, against certain liabilities incurred in that capacity. The terms of that policy prohibit disclosure of the total amount of the premiums paid for that contract of insurance.

Proceedings

The Company did not bring any proceedings against any party or seek to intervene in any such proceedings during the financial year. The Company was not a party to any proceedings during the year.

Non-audit services

The Directors confirm no non-audit services were provided by the auditor (or by another person or firm on the auditor's behalf) during the financial year.

Signed in accordance with a resolution of the Directors:

Michael D Lynch-Bell
Independent Non-Executive Chair

Fleta Solomon
Chief Executive Officer

29 June 2023

14

Remuneration *report*

The remuneration report sets out the Company's remuneration strategy for the financial year ended 31 March 2023 and provides detailed information on the remuneration outcomes for the Key Management Personnel in accordance with the requirements of the Corporations Act 2001 and its regulations.

Remuneration philosophy

The Remuneration Committee is responsible for making remuneration recommendations to the Board for the Directors and Key Management Personnel. In line with its Charter, the Remuneration Committee is responsible for:

- reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and directors who will create value for shareholders
- ensuring that the executive remuneration policy demonstrates a clear relationship between key director performance and remuneration; and recommending to the Board the remuneration of executive and non-executive Directors
- fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market; and reviewing the Company's recruitment, retention and termination policies and procedures for senior management
- reviewing and approving the remuneration of direct reports to the Chief Executive Officer, and other senior executives as appropriate; and
- reviewing and approving any equity-based plans and other incentive schemes.

Remuneration Report for financial year 2022

The Company's Remuneration Report for financial year 2022 was adopted by shareholders in August 2022.

Relationship between the remuneration policy and Company performance

The performance measures for the Company's short term incentive plan (**STI Plan**) and long term incentive plan (**LTI Plan**) have been tailored to align with financial and operational objectives which create value for shareholders. The Remuneration Committee has designed the STI and LTI Plans to motivate, retain, and reward executive performance aligned to the Company's strategic objectives.

Since inception, the Company's STI Plan and LTI Plan have been designed to align executive KMP performance with the profile of a start-up Australian medicinal cannabis company and, over the past two-years, as an Australian medicinal cannabis company seeking to achieve cash flow break-even and profitability.

In the years prior to its ASX listing in February 2020, executive KMP remuneration was structured such that KMP cash salaries were well below market rates and reward aligned predominantly with Company market performance under the Company's LTI Plan, which predominantly comprised equity and options for the executives, and retention rights for the non-executive KMPs. In the years subsequent to listing, the Company's KMP remuneration packages continued to focus on the growth of long term shareholder value, with LTI Plan incentives for the executives comprising performance rights with target share price milestones and packages of retention rights for the non-executive KMPs. Post listing on the ASX, in addition to base salary the executive KMP remuneration packages have included STI Plan cash remuneration focused on the achievement of key development targets for the Company in that year. Over time, these targets have transitioned from focusing on EU market expansion, new Facility integration following the acquisition of the Danish facility in 2021, new product development and R&D metrics, towards predominantly financial metrics focusing on achieving cash flow break-even and profitability. The Company expects that the executive KPIs STI Plan targets for financial year 2024 will continue to emphasise this focus on financial targets with a goal to increasing share price and rewarding long term investors.

Key Management Personnel

The Remuneration Report details the performance and remuneration of Key Management Personnel (**KMP**) for the financial year 2023. KMPs are defined as persons having authority and responsibility for directing and controlling the activities of an entity directly or indirectly. The KMPs comprise:

- Non-Executive Directors, being the Chair Mr Michael D Lynch-Bell and non-executive directors Dr Neale Fong and Ms Beatriz Vicén Banzo; and
- two members of the executive team, being Ms Fleta Solomon (Chief Executive Officer) and Mr Angus Caithness (Executive Director). The executives are accountable for managing operational activities, financial control, and risk management of the Company.

Components of remuneration – Executive team

The executive KMP remuneration framework comprises:

- base salary, superannuation, and non-monetary benefits
- short term performance incentives
- long term performance incentives

During financial year 2023, executive KMP remuneration was structured according to the relevant employment agreements and performance measures in place. Each of the executive KMP's employment agreements to 31 March 2023 consisted of fixed remuneration, an STI Plan, and an LTI Plan. In addition, the Chief Executive Officer received car-parking benefits. No other bonuses or skill-based payments were received by the executives during the reporting period.

Service contracts

Chief Executive Officer

The structure of the Chief Executive Officer's remuneration is in accordance with her employment agreement dated 1 December 2019. Ms Fleta Solomon is entitled to receive a base salary plus superannuation and is also entitled to participate in the Company's STI and LTI Plans. This remuneration is reviewed annually and there is no guarantee of increases to remuneration.

Express provisions in the agreement protect the Company's confidential information and intellectual property and either Ms Fleta Solomon or the Company can terminate the agreement by giving six months' notice in writing to the other party.

The Company may summarily terminate the agreement on the grounds of, among other things, serious or persistent breaches of the terms of the agreement, gross or wilful misconduct or if Ms Fleta Solomon is found guilty of any conduct which results in damage to the reputation or the business of the Company.

Executive Director

The structure of the Executive Director's remuneration is in accordance with his employment agreement dated 1 December 2019. Under that agreement, Mr Angus Caithness is entitled to receive a base salary plus superannuation and is also entitled to participate in the Company's STI and LTI Plans. This remuneration is reviewed annually and there is no guarantee of increases to remuneration.

Express provisions in the agreement protect the Company's confidential information and intellectual property, and either Mr Angus Caithness or the Company can terminate the agreement by giving six months' notice in writing to the other party.

The Company may summarily terminate the agreement on the grounds of, among other things, serious or persistent breaches of the terms of the agreement, gross or wilful misconduct, or if Mr Angus Caithness is found guilty of any conduct which results in damage to the reputation or the business of the Company.

Base salary and non-monetary benefits

Under their service contracts, the base salary for:

- the Chief Executive Officer for the period 1 April 2022 to 31 March 2023 was $305,000 plus 10.5% superannuation, subject to the superannuation cap amount
- the Executive Director for the period 1 April 2022 to 31 March 2023 was $270,000 plus 10.5% superannuation, subject to the superannuation cap amount

Following shareholder approval in August 2022, the Executive Director agreed to receive a proportion of his salary for period July 2022 to March 2023 in ordinary shares based on the fortnightly VWAP over that period, with the Executive Director receiving $220,475 in salary and 228,629 shares together with a further 11,870 shares accrued for the financial year. The Chief Executive Officer also agreed to reduce her working hours to four days a week to preserve cash and received $251,039 in salary during the year as well as car-parking benefits of $3,500.

Variable Remuneration – Short Term Incentive Plan

The STI Plan of each executive KMP's service contract is a variable remuneration component and comprises an annual cash incentive linked to the achievement of specific performance milestones that are both financial and non-financial in nature.

The performance milestones are clearly defined and measurable and based on achievements that are consistent with the Company's strategic objectives and the goal of enhancing shareholder value. The Remuneration Committee assesses and approves the executive's performance against these milestones.

For the 2023 financial year, the STI Plan set predominantly financial metrics, being revenue, total cash costs, free cash flow, R&D and personal performance metrics each with an allocation of 20% to total award. The performance goals were divided into threshold, target and stretch goals, with executives entitled to 40% of their base salary for achievement of all the target goals and up to 100% of their base salary for achieving the stretch goals across all metrics.

According to the Board's assessment, the Executive's achievements against the above metrics rated an STIP award of 50% of base salary. However, the Board determined that given the share price performance and TGA fines a lower STIP award of 30% of base salary was more appropriate. Accordingly, the executive KMPs received the following short term incentive payments and the Company has accrued the following amounts for the financial year ending 31 March 2023:

- Chief Executive Officer: $75,300; and
- Executive Director: $81,000.

The executive KMPs received the following short term incentive payments for the 2022 financial year as follows:

- Chief Executive Officer: $84,500; and
- Executive Director: $68,951.

Variable Remuneration – Long Term Incentive Plan

The LTI Plan is an equity incentive designed to create sustainable growth and shareholder value.

The LTI Plan links a significant portion of at-risk remuneration with the Company's ongoing share price and therefore aligns executive performance with the return to shareholders over the performance period.

Financial year 2022 LTI Plan

In September 2022, following approval by shareholders the executive KMPs were issued with the following shares and share rights in connection with the Company's financial year 2022 ESIP programme:

KMP	Shares	Share rights vesting 1 April 2023	Share rights vesting 1 April 2024	Grant date	Value of securities granted*
Chief Executive Officer	18,000	36,000	36,000	1 July 2021	$79,200
Executive Director	16,000	32,000	32,000	1 July 2021	$70,400

** Value calculated by multiplying share price at grant date ($0.88) by total number of securities issued*

The share rights vesting 1 April 2023 vested and were issued as shares to the Chief Executive Officer and Executive Director in late April 2023. The remaining share rights vesting 1 April 2024 will vest on 1 April 2024 subject to the holder's continued service with the Company until that date.

Financial year 2023 LTI Plan

In February 2023, following shareholder approval the KMP executives were issued the following performance rights under the LTI Plan:

Class	Milestone	Milestone Period	Expiry Date	Number of Performance Rights		Fair value of securities*
				Chief Executive Officer	Executive Director	
I	20 Day VWAP equalling $0.50	3 years from issue	5 years from issue	500,000	500,000	$0.1288
J	20 Day VWAP equalling $0.60	3 years from issue	5 years from issue	500,000	500,000	$0.1147
K	20 Day VWAP equalling $0.75	3 years from issue	5 years from issue	500,000	500,000	$0.0974
			Total	**1,500,000**	**1,500,000**	

* The rights were valued with reference to a Hoadley Trading & Investment Tools Parisian Barrier Trinomial up-and-in valuation model.

A hurdle needs to be satisfied within three-years of the grant date and if achieved, and the employee remains employed then they will receive a third of the performance rights immediately, a third on the first anniversary of the milestone being achieved and the final third on the second anniversary. If a vesting hurdle is not achieved within three-years or the employee leaves, the unvested performance rights lapse. The inputs into the Hoadley Trading & Investment Tools Parisian Barrier Trinomial model and a trinomial up-and-in valuation model were as follows:

	Class I	Class J	Class K
Weighted average share price	$0.20	$0.20	$0.20
Weighted average exercise price	Nil	Nil	Nil
Expected future volatility	75%	75%	75%
Expected life	5 years	5 years	5 years
Risk free rate	3.17%	3.17%	3.17%
Expected dividend yields	Nil	Nil	Nil
Fair value per security	$0.1288	$0.1147	$0.0974
Total fair value of securities	$128,800	$114,700	$97,400

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous years as well as historical volatility of a basket of comparable companies over recent trading periods. The expected life and service conditions used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations where appropriate.

The performance rights will lapse if an executive's employment is terminated for cause or poor performance, or if the executive resigns. Early vesting of the performance rights occurs on a change of control or is permitted at the Board's discretion including among other things, termination of a participant's employment, engagement, or office with the Company due to death, permanent incapacity, mental incapacity, redundancy, resignation, retirement or any other circumstance in which the Board may exercise its discretion, subject to applicable laws and ASX requirements. No dividends are payable on performance rights.

In March 2023, the Board has also approved the issue 1 million retention rights to each of the KMP executives subject to shareholder approval if the KMP executives remain with the Company for a further three-years. The Company will determine the fair value of this proposed issue of securities when seeking the relevant shareholder approval at the next General Meeting.

Components of remuneration – Non-Executive Directors

As per the ASX Listing Rules the aggregate remuneration of Non-Executive Directors shall be determined by a resolution approved by shareholders at a general meeting. The aggregate remuneration threshold is currently set at $500,000 per annum as approved by shareholders at a General Meeting in November 2021.

Non-Executive Directors receive fixed remuneration plus superannuation for their services.

During the financial year, Mr Michael D Lynch-Bell's annual Director fees were $122,400 plus superannuation, while Dr Neale Fong and Ms Beatriz Vicén Banzo's annual Director fees were $61,200 plus superannuation. Following shareholder approval in August 2022, Mr Michael D Lynch-Bell and Dr Neale Fong agreed to receive a proportion of their Director's fees for the period July 2022 to March 2023 in shares based on the fortnightly VWAP over that period, with Mr Michael D Lynch-Bell receiving $66,679 in fees and 286,248 shares together with a further 18,459 shares accrued, and Dr Neale Fong receiving $30,434 in fees and 143,453 shares together with a further 9,251 shares accrued. Since her appointment in July 2022, Ms Beatriz Vicén Banzo has received $44,700 in fees. Presently no additional fees are paid to Non-Executive Directors for being a member of any Board committees.

During the financial year, Mr Michael D Lynch-Bell received 70,000 retention rights and Dr Neale Fong received 35,000 retention rights each with a value of $0.32 per retention right and vesting on 20 February 2025, and on 20 July 2022 Ms Beatriz Vicén Banzo received 50,000 shares with a value of $15,000 and 150,000 retention rights with a value of $0.30 per retention right vesting on 7 July 2025. The retention rights and shares were valued at the prevailing share price at the date of grant.

No other bonuses or skill-based payments were received by the Non-Executive Directors during the reporting period.

KMP statutory and share based reporting

Current year 31 March 2023

	F. Solomon		A. Caithness		M. Lynch-Bell		N. Fong		B. Vicéz	
	FY2023 (12 months)	FY2022 (9 months)	FY2023 (12 months)	FY2022 (9 months)	FY2023 (12 months)	FY2022 (9 months)	FY2023 (12 months)	FY2022 (9 months)	FY2023 (12 months)	FY2022 (9 months)
Salary and fees	251,039	234,615	220,475	209,885	66,679	100,521	30,434	45,900	44,700	-
Shares rights in lieu of salary	-	-	57,375	-	67,808	-	33,982	-	-	-
Other non cash benefits[1]	19,913	18,655	17,545	(4,280)	-	-	-	-	15,000	-
Post employment benefits	24,506	16,834	19,616	16,834	-	-	3,120	4,590	-	-
Short term incentive - cash	75,300	84,500	81,000	68,951	-	-	-	-	-	-
Long term incentive - shares with milestone achieved[2,4]	78,946	160,124	75,446	156,260	-	-	-	-	-	-
Long term incentive - shares with milestone outstanding[3,4]	262,327	148,214	260,545	148,214	-	-	-	-	-	-
Long term incentive - retention shares[4]	-	-	-	-	56,278	33,947	28,139	16,973	11,250	-
Expense for year	712,031	662,942	732,002	595,864	190,765	134,468	95,675	67,463	70,950	-
Performance related	59%	59%	57%	63%	N/A	N/A	N/A	N/A	N/A	N/A
Director interest in shares	21,559,439	20,255,439	11,437,571	10,410,942	1,669,991	833,743	1,506,478	1,088,025	50,000	-

1. Other non-cash benefits represent car parking paid for by the company as well as movements in the annual leave and long service leave provisions as well as 50,000 fully paid ordinary shares to Ms Vicén Banzo at $0.30 per share totalling $15,000.
2. Performance rights for which hurdles have been met, but service condition outstanding.
3. Two sets of Performance rights for which neither the performance hurdles and/or the service conditions have been met: First set is made up of 3 Tranches of 500,000 performance rights each for Ms Fleta Solomon and Mr Angus Caithness with share price hurdles of $0.95, $1.10 and $1.25 with vesting conditions detailed on page 38 of this Annual Report. Second set is made up of 3 Tranches of 500,000 performance rights each for Ms Fleta Solomon and Mr Angus Caithness with share price hurdles of $0.50, $0.60 and $0.75 with vesting conditions detailed on page 38 of this Annual Report.

4. This is an equity settled share based payment (SBP) arrangement.

The Company received 98% 'yes' votes on its remuneration report for the 2022 financial year.

Options

The table below shows a reconciliation of options held by each KMP from the beginning to the end of the financial year.

All options were vested and exercisable.

All options granted shown below were issued on 27 February 2023 for nil consideration, being free attaching to placement shares which were subscribed for as part of a capital raising by the Company. These options were not issued as part of KMP remuneration.

Name	Balance at the start of the year	Number granted	Other changes	Balance at the end of the year
Ms Fleta Solomon	-	250,000	-	250,000
Mr Michael D Lynch-Bell	-	250,000	-	250,000
Dr Neale Fong	-	125,000	-	125,000
Mr Angus Caithness	-	250,000	-	250,000
Ms Beatriz Vicén Banzo	-	-	-	-

Performance Rights

The table below shows a reconciliation of performance rights held by each KMP from the beginning to the end of the financial year, including how many performance rights were granted, vested and converted during the year.

Performance rights					Balance at the end of the year	
Name	Balance at the start of the year	Number granted	Vested and converted	Forfeited	Unvested	Vested
Ms Fleta Solomon	2,500,000	1,500,000	(1,000,000)	-	3,000,000	-
Mr Michael D Lynch-Bell	-	-	-	-	-	-
Dr Neale Fong	-	-	-	-	-	-
Mr Angus Caithness	2,000,000	1,500,000	(500,000)	-	3,000,000	-
Ms Beatriz Vicén Banzo	-	-	-	-	-	-

Share Rights

The table below shows a reconciliation of share rights held by each KMP from the beginning to the end of the financial year, including how many share rights were granted, vested and converted during the year.

Share rights					Balance at the end of the year	
Name	Balance at the start of the year	Number granted	Vested and converted	Forfeited	Unvested	Vested
Ms Fleta Solomon	-	72,000	-	-	72,000	-
Mr Michael D Lynch-Bell	370,000	70,000	(300,000)	-	140,000	-
Dr Neale Fong	185,000	35,000	(150,000)	-	70,000	-
Mr Angus Caithness	-	64,000	-	-	64,000	-
Ms Beatriz Vicén Banzo	-	150,000	-	-	150,000	-

Shares

The table below shows a reconciliation of shares held by each KMP from the beginning to the end of the financial year.

Name	Balance at the start of the year	Number granted	Acquired on exercise of convertible securities	Other changes**	Balance at the end of the year
Ms Fleta Solomon	20,255,439	18,000	1,000,000	250,000	21,523,439
Mr Michael D Lynch-Bell	833,743	-	300,000	250,000	1,383,743
Dr Neale Fong	1,088,025	-	150,000	125,000	1,363,025
Mr Angus Caithness	10,410,942	16,000	500,000	250,000	11,176,942
Ms Beatriz Vicén Banzo	-	50,000	-	-	50,000

**Shares issued on 27 February 2023 subscribed for as part of a capital raising by the Company. These shares were not issued as part of KMP remuneration.

15

Appendix 1
Material risks

This section is prepared in connection with section 299A(1) of the Corporations Act and summarises the material risks that the Company considers could impede the achievement of its future operational and financial success.

Further information in relation to the Company's risk management processes are contained in the Company's Risk Management Policy, which can be found at: https://investor.littlegreenpharma.com/site/about/corporate-governance .

1. ADDITIONAL REQUIREMENTS FOR CAPITAL

Any future capital requirements of the Company will depend on many factors, including the pace and magnitude of the development of its business and sales, and the Company may need to raise additional funds from time to time to finance the ongoing development and commercialisation of its products and to meet its other longer term objectives. In addition, the risks and uncertainties associated with producing cannabis products, including future regulatory changes and developments in the industry more generally, means the Company is unable to accurately predict when, or if, it will be able to achieve profitability.

Even if profitability is achieved in the future, it may not be sustained for subsequent periods potentially affecting the market price of shares and the Company's ability to raise capital, expand its business or continue its operations.

Any additional equity financing may be dilutive to shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, the Company may be required to reduce the scope of its activities, which could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

2) LEGISLATIVE CHANGE IN GERMANY AND FRANCE

The Company's ability to expand its business and achieve its growth strategy is also dependent on LGP being able to successfully export its medicinal cannabis products internationally from Denmark and Australia. LGP has large volume supply agreements of medicinal grade cannabis with German distributors. In parallel with its existing medicinal cannabis market, there is a growing domestic and international expectation that Germany will introduce a new supply pathway for cannabis into Germany. The scope of this new pathway is still being finalised, with decisions pending in relation to manufacturing standards, product safety guarantees, taxation, and distribution There is a risk that the proposed amendments to the current supply pathways does not permit LGP to supply into the new pathway, or allows more suppliers to enter into the market, or both, potentially eroding demand for existing medicinal cannabis product supplied by the Company into the German market.

The Company also intends to grow its business through supply into the nascent French medicinal cannabis market, which is currently the subject of a trial programme in which the Company participates as a primary supplier at low cost to French patients. If the terms of access to the French market restrict the Company's ability to supply into this market, including by preventing any further supply at all, or if the French market does not open on terms or within the timeline expected by the Company, or at all, then this could have a material adverse effect on the Company's business, financial condition, and prospects.

3) RELIANCE ON KEY RELATIONSHIPS AND CUSTOMERS

The Company relies on various key customer and supplier relationships in certain parts of its business. The loss or impairment of any of these relationships could have a material adverse effect on LGP's results of operations, financial condition and prospects, at least until alternative arrangements can be implemented. In some instances, however, alternative arrangements may not be available or may be less financially advantageous than the current arrangements.

The Company is reliant on its counterparties' ability to comply with their obligations under existing and future contractual arrangements. The ability of LGP or its counterparties to comply with their obligations under such arrangements may also be contingent on external factors, including but not limited to the uncertainties and changes associated with medical cannabis legislative regimes in the relevant jurisdictions. If any of the Company's existing arrangements are terminated or the counterparties breach or fail to carry out their obligations under such arrangements or otherwise cease to be able to meet their commitments and obligations to the Company, including due to insolvency, loss of key licences, unwillingness to pay, change in home market conditions or alternative product prices, certifications or permits or any other reason, this could have a material adverse effect on the Company's business, financial condition, and prospects.

Most global medicinal cannabis markets are still relatively immature meaning pricing, products and market conditions are still being established. This relative immaturity and uncertainty in relation to market evolution can result in inconsistent market expectations, norms and precedent that increases the risk that counterparties may behave in a less predictable and potentially unethical or unprofessional way in order to maximise their probabilities of success in growing markets. This may result in higher than expected numbers of defaults or transactional costs.

The Company's supply and purchase agreements may be governed by foreign laws or be subject to foreign jurisdiction or arbitration forums that mean the award and enforcement of judgment against counterparties, including for non-payment, under its contract portfolio, may be expensive, time consuming or impracticable in certain circumstances. In addition, the inherent uncertainty associated with litigation, mediation or arbitration may impact the Company's willingness to engage in direct dispute resolution or negatively affect the probability of its success in such actions.

The goodwill of LGP is also necessary for the referral of distribution opportunities to LGP and for LGP's entry into distribution opportunities with distributors in key jurisdictions. A loss of this goodwill could result in fewer, or no new, opportunities from distributors to distributor LGP products in various jurisdictions being offered to or agreed with LGP.

4) IMPACT OF THE LEGISLATIVE REGIME IN THE UNITED STATES

While the use and possession of cannabis has been legalised in various states in the United States for either adult use or medicinal use, the use and possession of cannabis containing THC in the United States is illegal under federal law. The illegality of cannabis containing THC at a federal level in the United States means that many US based cannabis entities are precluded from accessing capital and certain financial services needed to effectively scale their businesses. In the event that the United States legalised cannabis containing THC at a federal level, these barriers to scale would fall away, allowing US entities to more readily scale their businesses, which has the potential to increase supply of cannabis in the global market and adversely affect non-US operators, such as the Company.

5) INPUT COST AND PRICE RISKS

Currently, transportation, irradiation, clinical testing and electrical power costs in both Denmark and Australia represent significant input costs in the Company's manufacture of medicinal cannabis.

If these costs were to continue to rise, this may impact the Company's pathway to profitability.

In addition, rising interest rates are contributing to rising inflationary pressures on the global and domestic economies. This may have impacts on financial markets or economic stability and could adversely affect the financial position and performance of the Company.

Further, the Company operates in an environment where it is primarily a price-taker. As such, there is a risk that the wholesale and retail prices for products may fall over time, including at or below the Company's cost of production or input acquisition. This could adversely affect the financial position and performance of the Company.

6) THREATS FROM NEW PRODUCTS, NEW TECHNOLOGIES, AND CHANGES IN MARKET PREFERENCES

The Company currently offers a product portfolio of cannabis oil and flower products, including its Schedule 4 CBD oils. There is a risk that the introduction of new products and dosage forms in the market, including the introduction of Schedule 3 over-the-counter CBD products in pharmacies, may adversely impact the Company's current Schedule 4 CBD oil sales, resulting in negative financial consequences for the Company. In addition, several of the Company's key markets, including Australia and Germany, are weighted towards cannabis flower products. Changes in this current market preference for cannabis flower in these jurisdictions, including towards other dosage forms which the Company does not also offer, may result in a shift away from the preference for cannabis flower products, which could adversely impact the financial position and performance of the Company.

The Company also operates in an industry that may potentially be disrupted by key technological changes or disruption, including superior and cheaper growing or production technologies or superior distribution and customer / prescriber engagement or management technologies that could result in a loss of market share and adversely affect the financial performance of the Company.

7) OCCUPATIONAL HEALTH AND SAFETY

Site safety and occupational health and safety outcomes are a critical element in the reputation of the Company.

While the Company has a strong commitment to achieving a safe performance on site and a strong record in achieving safety performance, a serious site safety incident or an incident arising from driving to or from the site could impact upon the reputation and financial performance of the Company.

Additionally, laws and regulations concerning occupational health and safety may become more complex and stringent or the subject of increasingly strict interpretation and enforcement. Failure to comply with applicable regulations or requirements may result in significant liabilities, suspended operations and increased costs. Industrial accidents may occur in relation to the performance of the Company's services. Accidents, particularly where a fatality or serious injury occurs, or a series of accidents, may have operational and financial implications for the Company, which may negatively impact the financial performance and future potential of the Company.

8) MAINTAINING AND EXPANDING LICENCES AND REGULATORY RISK

The successful execution of the Company's medicinal cannabis business objectives is contingent upon compliance with all applicable laws and regulatory requirements in Australia, Denmark and other jurisdictions and obtaining all other required regulatory approvals for the import of starting materials and the production, sale, import and export of its medicinal cannabis products.

LGP's ability to execute its business model and undertake its growth strategy is dependent on LGP's ability to maintain its medicinal cannabis licences and permits and GMP manufacturing licences in both Australia and Denmark.

While LGP intends to submit renewal and variation applications of its licences and permits by the requisite dates, and is not aware of any reason why the relevant regulators would refuse to renew or vary the relevant licences and permits, LGP cannot guarantee that the licences or permits will be renewed or varied in a timely manner or at all. Should the licenses not be renewed, this could have a material adverse effect on LGP's results of operations, financial condition and prospects, particularly if LGP is unable to secure appropriate replacement products and supply lines.

Existing licenses and any new licenses obtained in the future in Australia, Denmark or other jurisdictions may also be revoked or restricted at any time should the Company fail to comply with the applicable regulatory requirements or with conditions set out under the licenses. Should the licenses be revoked or not renewed, the Company may not be able to import starting materials into Australia or Denmark or continue producing or distributing medicinal cannabis in Australia or Denmark or export medicinal cannabis outside of Australia and Denmark.

From time to time, there may be additional licences and permits that will be required, or existing licences or permits that require variation, to execute the business strategy or enter new territories. There is no guarantee that the Company is able to obtain these additional or varied licences and permits or obtain them in a timely manner.

The Company and its supply chain partners are also subject to a variety of complex and often unsettled or inadequate, uncertain or incomplete laws, regulations, and guidelines, authorisations and pharmaceutical quality requirements in both Australia, Denmark and the other countries that may be subject to differing interpretation or application. Non-compliance risk may be exacerbated where operators are unable to comply with conflicting or evolving interpretations or laws, and the Company cannot guarantee its pharmaceutical and compliance management systems will be adequate to understand all cannabis regulations or prevent or discover breaches of laws and regulations and to identify, evaluate and take appropriate countermeasures against relevant risks in a timely manner or at all.

The Company may also suffer a significant diversion or theft event (including the unlawful theft of one or more significant shipments of products) that may have substantial financial consequences for the Company and with the potential to cause reputational damage with regulators or potentially adversely impact LGP's ability to cultivate, manufacture or supply under its medicinal cannabis licences and permits.

9) FORCE MAJEURE AND UNINSURABLE EVENTS

Adverse changes or developments affecting cultivation, production, supply chains, the availability and price of electricity, and processing facilities, including, but not limited to war, disease, mould or infestation of crops, fire, explosions, power failures, international sanctions, flood, storms or natural disasters, or material failures of the Company's security infrastructure, could reduce or require the Company to entirely suspend its production of medicinal cannabis in either one or both of its operations. These factors can also impact grow times, the number of harvests and expected production yields.

In particular, the war in Ukraine continues to impact Danish power prices, with significantly higher prices that pre-war prices continuing to impact the Danish facility. The Company is unable to predict when or if these power prices will fall or return to pre-war levels, and for so long as these power prices remain elevated, the Company's financial position and performance may be negatively affected. Further, the current instability affecting the international political environment could result in further conflicts or wars, particularly in the Northern hemisphere, which could result in input price increases, including power, or the inability to source pharmaceutical grade inputs from current suppliers.

The Company may also be unable to adequately insure or obtain any insurance coverage at all against certain Force Majeure events including war, sanctions, pandemics, and events affecting living crops such as fire, pestilence, contamination, or disease. If such events affect the Company's operations then the Company's financial position and ability to produce cannabis products may be negatively affected.

10) PANDEMICS

A pandemic, including new waves or variants of COVID-19, may prevent the Company, its suppliers, customers, and other business partners from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. Such measures taken in response to a pandemic may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Directors have considered the impact of COVID-19 on the Company's business and financial performance. In compliance with its continuous disclosure obligations, the Company will continue to update the market regarding the impact of COVID-19 on its revenue channels and any other material adverse impacts on the Company if they arise.

11) CHANGE IN AND COMPLIANCE WITH LAWS

The Company's operations are subject to various laws, regulations and guidelines in Australia and Denmark and territories the Company proposes to operate in, or to export to, including laws and regulations relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of products and of certain material used in operations.

Compliance with these laws and regulations requires compliance with complex national, state and local laws. These laws change frequently and may be difficult to interpret and apply. Compliance with these laws and regulations requires the investment of significant financial and managerial resources, and a determination that LGP is not in compliance with these laws and regulations could harm the Company's brand image and business.

Changes to these laws or regulations could negatively affect the Company's competitive position within the industry and the markets in which it operates, and there is no assurance that various levels of government in the jurisdictions in which the Company operates will not pass legislation or regulation that adversely impacts the business.

The effect of the administration, application and enforcement of the regimes established on the business in Australia and overseas, or the administration, application and enforcement of the laws of other countries by the appropriate regulators in those countries, may significantly delay or impact the Company's ability to participate in the global market.

The Company operates in markets where the laws and rules relating to medicinal cannabis may be unclear or not widely or appropriately enforced by regulators. Where LGP competes in these markets, it may find its competitive position and market share eroded by third party actors and competitors who operate unlawfully or unethically to grow market share, including by both traditional black market and licensed operators.

12) CYBER RISKS, SYSTEMS, PRIVACY IP BREACH RISK AND FRAUD

Breaches of cyber security is a growing global risk as the volume and sophistication of threats has increased, partially from the broad-based working from home reality. Risks include:

- unauthorised access to data/information leading to reputational damage and/or risk of litigation;
- malicious attacks that result in outages and service and revenue disruption;
- ransom demands with direct financial consequence to the business;
- failure to comply with regulatory standards risks financial fines or restrictions to conduct business; and
- business interruption and availability of systems following a breach.

The Company and the Company's agents and distributors already rely and will increasingly rely on information technology platforms and software including enterprise resource planning systems to manage many or all aspects of their operations. These systems are potentially susceptible to malfunction, network failures, maintenance issues, outages, wilful or accidental or mistaken use or data entry, hijacking or fraudulently directing supplier payments, theft or misuse, social engineering, attacks acts of vandalism, hacking, sabotage, viruses, phishing, and ransomware attacks. The Company is aware that the rise of phishing, social engineering attacks, and hacking activities targeting a broad range of companies in Australia pose an elevated level of threat to its operations. The occurrence of one or more of these events or attacks could significantly comprise the Company's operations and result in delays to production, export, imports or sales resulting in loss or damage to the Company.

The Company may also collect personal or sensitive information from individuals in connection with the conduct of its operations, both from individuals in Australia and from jurisdictions outside Australia. The Company or its employees may intentionally or inadvertently collect or disclose personal or sensitive information or use such information contrary to applicable laws, which could result in significant loss or damage, including reputational damage, to the Company. In addition, the risks described above could also result in breaches of data security, loss of critical data, and the release, misuse, or misappropriation of sensitive or personal information, potentially leading to claims for loss or damage from third parties affected by, or civil or criminal claims from regulators arising from, such breach, loss, or release.

While the Company uses all reasonable measures to prevent or mitigate the risk of fraud or theft, the Company may be the subject of internal or external fraud or theft including non-electronic based fraud or theft. Depending on the scale or extent of such fraud or theft, the Company's financial position and reputation may be materially adversely affected.

13) PRODUCT LIABILITY AND UNINSURED RISKS

There is a risk that the products sold by the Company may not have been produced or manufactured in accordance with all applicable laws or pharmaceutical requirements or could cause serious or unexpected side effects, including risk or injury to consumers in both the short term and the longer term, including the risk of developing schizophrenia, bi-polar disorder and other psychoses and side effects. Previously unknown adverse reactions resulting from consumption of cannabis products alone or in combination with other medications or substances could also occur, including in relation to relatively new dosage forms such as medicinal cannabis vape cartridges. The Company may not be entitled to or be able to procure appropriate insurance cover to meet these potential risks or claims.

In addition, the Company may face governmental, social or consumer pressure in relation to the supply of certain dosage forms of medicinal cannabis, including vaping cartridges or medicinal cannabis edible products, that may result in the Company choosing to withdraw products from one or more markets.

Although the Company has procedures in place for testing finished cannabis products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid product recalls, regulatory action or lawsuits. Should any of the Company's products be associated with safety risks such as misuse or abuse, inadvertent mislabelling, tampering by unauthorised third parties or product contamination or spoilage, a number of materially adverse outcomes could impact on the Company.

Any of the above adverse outcomes include the risk that regulatory authorities may revoke approvals that have been granted to the Company, impose more onerous facility standards or product labelling requirements or force the Company to conduct a product recall. The Company could also be subject to regulatory action or be sued and held liable for any harm caused to customers in those circumstances.

A product liability claim or regulatory action against the Company could result in increased costs and could adversely affect its reputation and goodwill with the Company's patients, distributors and consumers generally. There can be no assurance that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could result in the Company becoming subject to significant liabilities that are uninsured and also could adversely affect commercial arrangements with third parties. There is also a risk that the insurer could disclaim coverage on some claims or the insurance is not comprehensive enough for large claims or that insurers could reduce or cease coverage for medicinal cannabis products more generally.

14) ADULT USE MARKETS

The evolution of cannabis markets globally appear to support a trend towards the legalisation of cannabis ("adult use markets") alongside markets for the supply of cannabis supplied for medicinal purposes. Where such legalisation occurs, there is a risk that competition from non-medicinal cannabis products may partially displace or reduce demand for the Company's medicinal cannabis products. In addition, if the Company were to in future seek to participate in adult use markets, the Company may find that its present GMP manufacturing quality standards are too costly to compete effectively with other adult use market products manufactured to lower food-grade or other lower manufacturing standards, requiring the Company to implement new processes and procedures and potentially expend additional capex in order to compete with these lower-grade products. Such developments could adversely affect the Company's market share in its existing and future markets as well as materially adversely affect its financial position.

16

Independent Auditor's *Report*

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Little Green Pharma Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Little Green Pharma Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 March 2023, the consolidated statement of profit or loss and other 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 report, 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:

(i) Giving a true and fair view of the Group's financial position as at 31 March 2023 and of its financial performance for the year ended on that date; and

(ii) 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

Basis of preparation of the financial report

Key audit matter	*How the matter was addressed in our audit*
The financial statements have been prepared by the Group on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business. The Group relies on continued sales growth and the management of costs and production in line with forecast to continue as a going concern. Assessing the appropriateness of the basis of preparation for the Group's financial report was a key audit matter due to its importance to the financial report and the judgement involved in forecasting future cash flows for a period of at least 12 months from the date of the financial report. Note 1 c) of the financial report discloses the basis of preparation of the financial report and the Directors assessment of the going concern assumption.	Our audit procedures included, but were not limited to the following: • Agreeing the proceeds from capital raising activities undertaken during the year to third party bank support; • Evaluating the appropriateness of the Group's assessment of its ability to continue as a going concern, including whether the period covered is at least 12 months from the date of the financial report and that relevant information of which we are aware as a result of the audit is included; • Inquiring with management and the Directors whether they are aware of any events or conditions, including beyond the period of assessment, that may cast significant doubt on the Group's ability to continue as a going concern; • Comparing the key underlying data and assumptions in the Group's cash flow forecast to approved budgets and historical cash flows; • Developing an understanding of what forecast expenditure in the cash flow forecast is committed and what could be considered discretionary; • Assessing management's historical accuracy of cash flow forecasting by comparing actual results to prior period forecasts; and • Assessing the adequacy of the related disclosure in Note 1 c) of the financial report.

Valuation of biological assets and inventory

Key audit matter	*How the matter was addressed in our audit*

AASB 141 *Agriculture* requires biological assets to be measured at fair value less cost to sell or, in the absence of a fair value, at cost less impairment. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell up to the point of harvest, which becomes the initial deemed cost.
 	
Valuation of biological assets and inventory was a key audit matter due to the complexity of the valuation model and the extent of management estimates and judgements involved in determining appropriate inputs to the valuation model.
 	
Notes 2 b), 2 c) and 3 i) of the financial report disclose a description of the accounting policy and significant estimates and judgements applied to the Group's biological assets and inventory balances.
	Our procedures included, but were not limited to the following:
	• Obtaining management's valuation model and considering whether the inputs are reasonable and the model is mathematically accurate;
	• Evaluating management's judgements and assumptions used in the valuation model as follows:
	  ○ Yield per plant based on historic actuals;
	  ○ Cannabinoid yield per gram based on historical actuals;
	  ○ Average production cost per gram by comparing to historical trends and testing a sample of recent costs to external supporting evidence; and
	  ○ Sales price less cost to sell by agreeing to different types of revenue contracts; and
	• Testing whether inventory is held at the lower of cost and net realisable value by comparing unit cost to recent sales prices achieved;
	• Assessing whether product used in or destined for use in research and development purposes has been adequately provided for; and
	• Reviewing disclosures in Notes 2 b), 2 c) and 3 i) of the financial report and ensuring compliance with the accounting standard.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 March 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

Other matter

The financial report of Little Green Pharma Ltd for the period ended 31 March 2022 was audited by another auditor who expressed an unmodified opinion on that report on 30 June 2022.

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 has 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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 41 of the directors' report for the year ended 31 March 2023.

In our opinion, the Remuneration Report of Little Green Pharma Ltd, for the year ended 31 March 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO

Ashleigh Woodley

Director

Perth

29 June 2023

17

Financial *report*

Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Note	Year ended 31 March 2023 (12 months)	Period ended 31 March 2022 (9 months)
Revenue			
Medicinal cannabis sales	4	**19,567,858**	10,279,593
Commercial rent		**291,265**	250,354
Total revenue		**19,859,123**	10,529,947
Cost of sales		**(9,729,415)**	(6,328,756)
Gross margin before fair value adjustment		**10,129,708**	4,201,191
Fair value adjustment of inventory sold		**(2,179,129)**	(818,296)
Gain on fair value of biological assets	9	**2,139,169**	2,132,993
Gross margin		**10,089,748**	5,515,888
Expenses			
General and administrative		**(4,661,519)**	(4,257,423)
Sales and marketing		**(3,511,524)**	(3,626,459)
Education		**(768,367)**	(790,297)
Research and development		**(6,594,837)**	(5,415,119)
Commissioning costs		**(4,844,327)**	(8,616,331)
Insurance		**(633,222)**	(543,725)
Licences, permits and compliance costs		**(1,386,967)**	(1,411,630)
		(22,400,763)	(24,660,984)
Loss from operations		**(12,311,015)**	(19,145,096)
Other income		-	63,078
Interest income		**48,918**	31,487
Finance expense	6	**(928,839)**	(543,528)
Research and development incentive	8	**5,129,030**	2,368,174
Government grants		**63,880**	184,228
Net foreign exchange		**(558,625)**	(1,010,103)
Loss before tax from continuing operations		**(8,556,651)**	(18,051,760)
Tax expense	7	-	-
Loss after tax from continuing operations		**(8,556,651)**	(18,051,760)
Loss for the year from discontinued operations	11	**(648,778)**	(234,489)
Loss after tax		**(9,205,429)**	(18,286,249)
Other comprehensive income			
Exchange fluctuations on translation of foreign operations		**4,515,026**	(2,306,128)
Total comprehensive loss net of tax		**(4,690,403)**	(20,592,377)
Net loss per share			
From continuing operations			
Basic and diluted (cents)		**(3.42)**	(7.65)
From continuing and discontinued operations			
Basic and diluted (cents)		**(3.68)**	(7.75)
Weighted average number of shares outstanding			
Basic and diluted		**249,835,340**	235,922,394

The accompanying notes form an integral part of these condensed consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2023

	Note	31 March 2023	31 March 2022
Assets			
Current assets			
Cash and cash equivalents		**12,400,319**	20,086,504
Trade and other receivables	8	**7,381,795**	5,599,794
Biological assets	9	**1,492,199**	1,076,173
Inventory	10	**8,909,108**	7,109,242
Assets held for sale	11	**539,152**	997,347
Prepaid expenses		**423,254**	578,301
Total current assets		**31,145,827**	35,447,361
Property, plant and equipment	12	**63,280,305**	59,394,347
Intangible assets	13	**3,638,639**	674,686
Right-of-use assets		**125,527**	190,196
Refundable deposits		**386,185**	197,839
Other financial assets		**43,284**	40,753
Total non-current assets		**67,473,940**	60,497,821
Total assets		**98,619,767**	95,945,182
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14	**3,355,075**	3,199,094
Deferred payment	15	**4,109,512**	11,876,669
External borrowings	16	**2,351,603**	-
Liabilities associated with assets held for sale	11	**57,971**	241,424
Lease liability		**95,315**	98,495
Employee benefit obligations	17	**1,069,046**	1,133,445
Total current liabilities		**11,038,522**	16,549,127
External borrowings	16	**5,284,454**	3,783,719
Lease liability		**27,100**	114,882
Employee benefit obligations	17	**41,385**	18,399
Total non-current liabilities		**5,352,939**	3,917,000
Total liabilities		**16,391,461**	20,466,127
Net assets		**82,228,306**	75,479,055
Shareholders' equity			
Share capital	18	**101,183,206**	90,254,064
Reserves		**5,129,788**	104,250
Accumulated deficit		**(24,084,688)**	(14,879,259)
Total shareholders' equity		**82,228,306**	75,479,055

The accompanying notes form an integral part of these condensed consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital		Share based payment reserve	Translation reserve	Accumulated (deficit)/profit	Total
	No. Shares	$				
As at 30 June 2021	232,607,948	86,197,119	1,857,348	39,580	3,406,990	91,501,037
Loss after tax	-	-	-	-	(18,286,249)	(18,286,249)
Translation reserve	-	-	-	(2,306,128)	-	(2,306,128)
Total comprehensive income	-	-	-	(2,306,128)	(18,286,249)	(20,592,377)
Share placements	2,713,801	1,799,250	-	-	-	1,799,250
Share based payments	-	-	1,618,639	-	-	1,618,639
Employee share plan	620,000	350,300	(350,300)	-	-	-
Transfer on vesting	500,000	153,730	(153,730)	-	-	-
Options exercised	3,500,000	1,651,159	(498,653)	-	-	1,152,506
Shares in lieu of salary	269,465	102,506	(102,506)	-	-	-
As at 31 March 2022	240,211,214	90,254,064	2,370,798	(2,266,548)	(14,879,259)	75,479,055
Loss after tax	-	-	-	-	(9,205,429)	(9,205,429)
Translation reserve	-	-	-	4,515,026	-	4,515,026
Total comprehensive income	-	-	-	4,515,026	(9,205,429)	(4,690,403)
Share placements	53,315,278	9,274,759	-	-	-	9,274,759
Share based payments	-	-	1,017,650	-	-	1,017,650
Transfer on exercise	3,700,000	1,364,269	(1,364,269)	-	-	-
Employee share plan	604,000	263,864	596,251	-	-	860,115
Shares in lieu of services	55,555	25,000	260,880	-	-	285,880
Options exercised	5,000	1,250	-	-	-	1,250
As at 31 March 2023	**297,891,047**	**101,183,206**	**2,881,310**	**2,248,478**	**(24,084,688)**	**82,228,306**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Year ended 31 March 2023 (12 months)	Period ended 31 March 2022 (9 months)
Operating activities		
Net loss before tax	**(9,205,429)**	(18,286,249)
Items not involving cash		
Changes in fair value of biological assets	**(2,139,169)**	(2,132,993)
Depreciation and amortisation	**2,984,494**	1,004,135
Share-based payments	**2,326,981**	1,753,877
Finance expense	**928,839**	471,964
Unrealised foreign exchange differences	**176,016**	966,320
Gain on derecognition of lease asset	**-**	(50,446)
Changes in non-cash operating working capital		
Inventory and biological assets	**(76,723)**	700,130
Accounts receivable	**(1,897,102)**	(1,740,141)
Prepaid expenses	**137,839**	289,785
Accounts payable and accrued liabilities	**(134,503)**	(465,625)
Employee benefits obligations	**(41,413)**	321,027
Net cash flows used in operating activities	**(6,940,170)**	(17,168,216)
Investing activities		
Purchase of property, plant and equipment	**(1,816,997)**	(7,630,904)
Purchase of intangible assets	**(3,111,651)**	(29,475)
Payment of deferred consideration	**(9,102,404)**	-
Net cash flows used in investing activities	**(14,031,052)**	(7,660,379)
Financing activities		
Proceeds from issue of shares	**10,113,750**	1,050,000
Costs associated with the issue of shares	**(837,741)**	-
Cash inflow from borrowings	**5,812,488**	3,770,000
Cash outflow from borrowings	**(1,971,484)**	-
Payment for lease liabilities	**(83,429)**	(94,315)
Net cash flows from financing activities	**13,033,584**	4,725,685
Net change in cash and cash equivalents	**(7,937,638)**	(20,102,911)
Cash and cash equivalents, beginning of period	**20,086,504**	40,269,169
Effect of changes in foreign exchange	**251,453**	(79,754)
Cash and cash equivalents, end of period	**12,400,319**	20,086,504

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the Financial Statements

For the year ended 31 March 2023

1. NATURE OF OPERATIONS AND BASIS OF PREPARATION

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

On 15 February 2022 the Company resolved to change its financial year to 31 March. The comparative reporting period is for the 9-month period ended 31 March 2022.

a) Statement of compliance

These consolidated general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001 which ensures compliance with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board.

The Company is a for-profit entity for the purpose of preparing the financial statements which were authorised for issue by the Board of Directors on 29 June 2023.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain assets that are measured at revalued amounts or fair value, as explained in the accounting polices below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The classification of comparative figures has been changed where the change improves the understandability of the financial information.

c) Going concern

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

At 31 March 2023, the Group had incurred a loss after tax of $9,205,429 (2022: $18,286,249) and operating cash outflows of $6,923,326 (2022: $17,168,216). Whilst the Group was only moderately impacted by COVID 19 on initial onset of the virus, there remains uncertainty with regard to future impacts from it as well as the war in Ukraine.

Notwithstanding these events and conditions, the Directors believe that the entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report based on forecast cash flows which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements. The cash flow forecast is dependent on the Group achieving forecast targets for revenue, costs of production and overheads as well as receiving its Research & Development rebates which have been classified as receivables and demerging Reset Mind Sciences in the near term. Key to achieving forecast cash flows is the Group's ability to achieve assumptions for growth rates in patients, market share in Australia and international markets and gross margin.

At the date of this report and having considered the above factors, the directors are of the opinion that the Group will be able to continue as a going concern.

d) Basis of consolidation

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

The Company has the following subsidiaries:

Name of Entity	Country of Incorporation	Functional Currency	Ownership	
			31 March 2023	31 March 2022
Little Green Pharma AG	Germany	Euro	100%	100%
Little Green Pharma Switzerland GmbH	Switzerland	CHF	100%	100%
LGP Operations Pty Ltd	Australia	AUD	100%	100%
LGP Holdings Pty Ltd	Australia	AUD	100%	100%
Reset Mind Sciences Ltd	Australia	AUD	100%	100%
Little Green Pharma ApS	Denmark	DKK	100%	100%
Lab Services Denmark ApS	Denmark	DKK	100%	100%

e) Functional and presentation currency

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

f) New and revised Australian Accounting Standards

In the current year, the Company has applied all new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations or effective for accounting periods starting on or after 1 April 2022. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

g) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 31 March 2023 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents include cash and redeemable short term deposits with a maturity of less than three months held at major financial institutions.

b) Biological assets

The Group measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of work in progress or finished goods inventories after harvest.

Gains or losses arising from changes in fair value less cost to sell are included in the results of operations of the related period.

c) Inventory

Inventory which is classified as work in progress consists of harvested or purchased cannabis intended to be processed into oil or sold as flower and is valued at the lower of cost and net realisable value. Harvested cannabis is transferred from biological assets at its fair value at harvest less costs to sell, which becomes deemed cost. Any subsequent post-harvest costs are capitalised to work in progress. Inventory consisting of work in progress and finished goods is written down to its net realisable value if the carrying amount of inventory exceeds its estimated selling price less costs of disposal. Cost is determined using the average cost basis.

d) Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation. Historically the assets' useful life for deprecation was determined using a units of production method, however in the current year this was changed to a straight line basis as follows:

- Land – not depreciated.
- Buildings – 40 years straight line
- Greenhouses – 20 years straight line
- Production equipment – 15 years straight line
- Office leasehold improvements – life of the lease
- Office equipment – 5 years straight line

Depreciation for plant and equipment is recorded once the asset is available for use. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. During the financial year there was a change in the accounting estimate of depreciation of buildings, greenhouses and production equipment. The change is to reflect the life of the asset rather than being based on unit of production. The change from a units of production method to that of a useful life assessment has been made to align the expected benefits of these assets with its own individual expected asset life. The effect of the change in depreciation method has not resulted in a material difference.

Residual values and estimated useful lives are reviewed annually.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss.

e) Financial instruments

i. Financial assets

The Group classifies its financial assets initially at fair value at the time of acquisition. Subsequently, they are measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss. Upon initial recognition, management determines the classification of its financial assets based upon the purpose for which the financial assets were acquired. Measurement and classification of financial assets is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Management may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss to prevent a measurement or recognition inconsistency.

Financial assets are derecognised when they mature or are sold and substantially all the risks and rewards of ownership have been transferred. Expected credit losses on trade receivables is determined based on an individual assessment of each receivable taking into account the credit worthiness of the counterparty, the days past due, general economic conditions and any subsequent trading history. These losses are recognised separately in the profit or loss.

ii. Amortised cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest (**SPPI**) criterion. Financial assets classified in this category are measured at amortised cost using the effective interest method.

iii. Fair value through profit or loss ("FVTPL")

This category includes quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at fair value through other comprehensive income. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognised in profit or loss.

iv. Financial liabilities

The Group initially recognises financial liabilities at fair value and are subsequently measured at amortised cost.

f) External borrowings

External borrowings are initially recognised at fair value, net of transaction costs incurred. External borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

External borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12-months after the reporting period.

g) Intangible Assets

Intangible assets are recorded at cost and amortised over their estimated useful lives at the following annual rate:

- Computer software – 2 to 5 years straight line
- Patents – 20 years straight line
- Pharmaceutical quality systems – 10 years straight line
- Product development costs – 5 years straight line

Pharmaceutical quality systems are developed to provide the policies, procedures and standards required for Good Manufacturing Practice (**GMP**) with amortisation to be recognised from the commencement of manufacturing activities in the Company's own facility.

Residual values and estimated useful lives are reviewed annually.

h) Foreign currency translation

Transactions in currencies other than the functional currency of the relevant entity are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period-end exchange rate. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in net loss. For the purpose of presenting consolidated financial statements, assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rate for the period. Any exchange differences which arise are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

i) Revenue recognition and gross margin

Revenue is recognised at the transaction price, which is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer.

The Group's contracts with customers for the sales of dried cannabis flower and cannabis oil consist of one performance obligation being the delivery of that product to the customer. Revenue is recognised at that date as this represents the point in time when control has been transferred to the customer with only the passage of time required before payment is due. Payment terms are generally 30 days.

Cost of sales represents the deemed cost of inventory that arose from the fair value measurement of biological assets, subsequent post-harvest costs capitalised to inventory, purchased dried cannabis, costs to produce cannabis oils capitalised to inventory, and packaging costs.

j) Research and development

Research costs are expensed as incurred. Development expenditures are capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete the development to use or sell the assets.

k) Employee benefits

Provision is made for employee benefits such as wages, salaries and annual leave arising from services rendered to the end of the reporting period. Employee benefits which are expected to be wholly settled within one-year have been measured at the amounts expected to be paid when the liability is settled. Where an obligation in respect of long term employee benefits arises, that benefit is discounted to determine its present value. Re-measurements are recognised in the profit or loss in the period in which they arise.

l) Share-based payments

i. Equity settled transactions

The Company grants options and performance rights to directors, officers and employees under the Group's Share Incentive Plan. The fair value of these instruments are recognised as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when they are an employee for legal or tax purposes (direct employee) or provide services similar to those performed by a direct employee, including directors of the Company. At each financial position reporting date, the amount recognised as an expense is adjusted to reflect the actual number of instruments that are expected to vest.

No expense is recognised for awards that do not ultimately vest except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition.

Instruments with a graded vesting schedule are accounted for as separate grants with different vesting periods and fair values. The fair value is measured using the Black-Scholes option pricing model or other appropriate models taking into account the terms and conditions upon which the instruments were granted.

Where the terms of an equity settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification which 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. When an equity award is cancelled, it is treated as if it vests on the date of the cancellation and any expense not recognised for the award is recognised immediately.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

m) Value added taxes

Revenue, expenses and assets are recognised net of the amount of value added tax, except where the amount of tax incurred is not recoverable from the tax authority. Receivables and payables are stated inclusive of value added tax. Cash flows in the statement of cash flows are included on a gross basis and the value added tax component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

n) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

o) Research and development incentives

The research and development incentive which is received annually based on the previous financial year's research and development expenditure is recognised when there is reasonable assurance that the Company will comply with the required conditions for that incentive to be received. Where refundable, the refund is treated as other income.

p) Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised in other income on a gross basis.

q) Profit / (Loss) per share

Basic loss per share is computed by dividing total net loss attributable to the Group for the year by the weighted average number of shares of the Group outstanding during the year. When the Group is in a loss position, all potential share issuances on the exercise of options or warrants is anti-dilutive. In the event of a loss position, diluted loss per share is the same a basic loss per share.

r) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12-months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- the amount expected to be payable by the lessee under residual value guarantees; and
- the exercise of extension options which are reasonably certain to be exercised.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently 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.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

s) Impairment of long-lived assets

At the end of each reporting period, the Group's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Management considers both external and internal sources of information in determining if there are any indications that the Group's plant and equipment or intangible assets are impaired. Management considers the market, economic, and legal environment in which the Group operates that are not within its control and affect the recoverable amount of its plant and equipment and intangible assets. Management considers the manner in which the plant and equipment and intangible assets are being used or are expected to be used, and indication of economic performance of the assets. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognised previously.

t) Segment reporting

A segment is a component of the Group that engages in business activities, in which revenues and expenses are incurred, that has distinguishable financial information available, and whose operating results are regularly reviewed by the chief operating decision maker. The nature of products sold, cultivation and manufacturing processes and customers have similar economic characteristics. The nature of the regulatory environment is consistent in the markets the Group operates in.

u) Business combinations

Acquisitions of businesses are accounted for using the acquisition method with the consideration being measured at fair value and any acquisition related costs being expensed. At the acquisition date, the fair value of all identifiable assets and liabilities are recognised, except that deferred tax balances and any employee benefit obligations are recognised and measured in accordance with AASB 112 and AASB 119 respectively. If the fair value of the assets and liabilities which have been acquired is greater than the consideration paid, the difference is recognised as a gain on bargain purchase in the profit and loss. Initial estimates are made on a provisional basis, with final fair values being determined within 12-months of the acquisition.

v) Non-current asset held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

3) Significant accounting judgments and estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Actual results may differ from these estimates.

Significant estimates are evaluation and assumptions about the future and other sources of estimation uncertainty that management has made, that could result in a material adjustment to the carrying amounts of assets and liabilities. Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, the following:

i. Biological assets and inventory

The Group measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest. Calculating the value requires management to estimate, among others, stage of growth, expected yield on harvest, expected selling price and remaining costs to be incurred up to the point of harvest.

The Group measures inventory at the lower of cost and net realisable value and estimates selling price, the estimated costs of completion and the estimated costs necessary to make the sale.

ii. Share based compensation

The fair value of share based compensation expense is estimated using the Black-Scholes option pricing model or other similar models and relies on a number of estimated inputs, such as the expected life of the option, the volatility of the underlying share price, and the risk-free rate of return. For share based compensation dependent upon milestones, significant estimates are required as to the probability of that milestone being achieved, along with estimates of each employee satisfying the required service condition. Changes in the underlying estimated inputs may result in materially different results.

iii. Deferred income taxes

Carry forward tax losses have not been recognised as an asset because it is not clear when the losses will be recovered. The cumulative future income tax, which has not been recognised as an asset, will only be obtained if the Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; the Group continues to comply with the conditions for deductibility imposed by law; and no changes in tax legislation adversely affecting the Company realising the benefit.

iv. Research and development incentive

The research and development incentive receivable is based on management's best estimate of the nature and amount of expenditure incurred during the year that will meet the required rebate criteria.

v. Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

vi. Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

vii. Estimation of useful lives of assets

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

4. MEDICINAL CANNABIS SALES

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	31 March 2023 (12 months)	31 March 2022 (9 months)
Type of goods		
Oil products	**10,380,605**	6,779,227
Flower products	**9,187,253**	3,500,366
Total revenue from contracts with customers	**19,567,858**	10,279,593
Geographical markets		
Australia	**15,654,922**	8,487,702
Europe	**3,912,936**	1,791,891
Total revenue from contracts with customers	**19,567,858**	10,279,593

Revenue is recognised when control of the goods has transferred to the customer, being when the goods have been shipped to the customer's specific location (delivery). A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional. One customer comprises of more than 10% of revenue recognised in the current financial year.

5. PAYROLL COSTS

The Group's payroll costs are comprised of:

	31 March 2023 (12 months)	31 March 2022 (9 months)
Salaries and wages	**11,437,809**	9,081,000
Short term incentives	**322,051**	135,236
Post employment benefits	**881,600**	438,607
Share based payments	**2,326,981**	1,655,608
	14,968,441	11,310,451

Included in salaries and wages is annual leave and long service leave employee benefit costs incurred in the period.

6. FINANCE EXPENSE

The Group's finance expenses are comprised of:

	31 March 2023 (12 months)	31 March 2022 (9 months)
Interest on secured external borrowings	**472,327**	59,152
Interest on deferred payment	**448,979**	469,372
Interest on obligations under leases	**7,533**	15,004
	928,839	543,528

7. INCOME TAX NOTE

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

	31 March 2023 (12 months)	31 March 2022 (9 months)
Loss before income taxes from continuing operations	**(8,556,651)**	(18,051,760)
Loss before income taxes from discontinuing operations	**(648,778)**	(234,489)
Statutory tax rate	**25%**	25%
	(2,301,357)	(4,571,562)
Add/(deduct)		
• Share based payments	**543,764**	438,469
• Research and development incentive	**960,833**	806,054
• Fines and penalties	**93,240**	-
• Foreign losses not recognised	**1,658,244**	3,008,805
• Movement in Australia deferred tax not recognised/(recognised)	**(954,724)**	318,234
Income tax (benefit)/expense	**-**	-

Total tax losses in Australia for which no deferred tax assets has been recognised is $1,843,729 (31 March 2022: $7,608,247). Utilisation of carry forward tax losses is dependent upon the satisfaction of the requirements of the Income Tax Assessment Act 1936 and 1997 within Australia (continuity of ownership and same business test with no expiry if tests are achieved) and the relevant loss recoupment provisions in subsidiaries in foreign jurisdictions.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31 March 2023 (12 months)	31 March 2022 (9 months)
Deferred tax asset/(liability)		
• Biological assets	**(1,347,309)**	(812,517)
• Prepayments	**(70,562)**	(68,451)
• Property, plant and equipment	**(231,699)**	(72,944)
• Net lease liability	**(778)**	5,795
• Accounts payable and accrued liabilities	**244,014**	345,316
• Unrealised Foreign Exchange loss	**(12,062)**	41,907
• 40-880 tax balance	**374,227**	394,262
Employee entitlements	**170,947**	166,632
Net deferred tax asset/(liabilities)	**(873,222)**	-
Benefit of tax losses not recognised	**873,222**	-
Net deferred tax asset/(liability) recognised	**-**	-

8. TRADE AND OTHER RECEIVABLES

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

	31 March 2023	31 March 2022
Trade receivables	**1,549,849**	1,849,909
Allowance for expected credit loss	**(10,855)**	-
Research and development incentive receivable	**5,129,030**	2,368,174
Other receivables	**713,771**	1,381,711
	7,381,795	5,599,794

Classification of trade and other receivables

If collection of the amount is expected in one-year or less, they are classified as current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

Fair value of trade and other receivables

Trade receivables are recognised and carried at original invoice value less any allowance for expected credit losses.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical loss rates, adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

The Company receives an annual research and development tax incentive from the Australian Government on eligible expenditure incurred during the financial year. For the financial year ended 31 March 2023, eligible expenditure is expected to result in a rebate of $3,251,163 (31 March 2022: $2,368,174). The Company also expects to receive a research and development rebate relating to historical research and development expenditure in Denmark of $1,877,867.

9. BIOLOGICAL ASSETS

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

	31 March 2023	31 March 2022
Opening balance	**1,076,173**	965,244
Costs incurred	**4,666,107**	5,483,958
Transfer to inventory	**(6,389,250)**	(7,506,022)
Gain on changes in fair value	**2,139,169**	2,132,993
	1,492,199	1,076,173

Biological assets are classified as Level 3 on the fair value hierarchy and are determined using the most recent market transaction price. The following inputs and assumptions being subject to significant volatility and uncontrollable factors, which could significantly affect the fair value of the biological assets in future periods:

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

In the current period, the biological assets were approximately 49% complete (31 March 2022 - 69%) as to the next expected harvest date. The average number of days from the point of propagation to harvest is 91 days. The weighted average grams of dry cannabis expected to be harvested from a cannabis plant in Australia is 216 grams (31 March 2022 – 224 grams). The weighted average grams of dry cannabis expected to be harvested from a cannabis plant in Denmark is 78 grams (31 March 2022 – 78 grams).

A 20% increase or decrease in the estimated yield of cannabis per plant would result in an increase or decrease in the fair value of biological assets of $298,440 at 31 March 2023 (31 March 2022 - $215,234). A 25% increase or decrease in the average selling price per gram less cost to sell would result in an increase or decrease in the fair value of the biological assets of $375,050 at 31 March 2023 (31 March 2022 - $269,043). At harvest, the estimated fair value of a gram of biomass in Australia is $3.50 (31 March 2022 - $3.50).

10. INVENTORY

The Group's inventory is comprised of:

	31 March 2023	31 March 2022
Finished goods	**1,315,961**	992,573
Work in progress	**7,268,471**	5,996,982
Supplies and consumables	**324,676**	119,687
	8,909,108	7,109,242

Cost of inventories sold to customers amounting to $11,908,544 was recognised as an expense during the year (9-month period ended 31 March 2022: $7,147,052).

In the current period, $96,890 (31 March 2022: $67,944) was recognised as an expense for inventories carried at net realisable value.

11. ASSETS AND LIABILITIES HELD FOR SALE

In the prior period, the Company had a letter of intent from a third party to purchase Lab Services Denmark ApS. This transaction did not eventuate and therefore Lab Services Denmark ApS is not classified as a disposal group held for sale in the current reporting period as the intention is no longer to sell it. Reset Mind Sciences Ltd, which is expected to be demerged within 12-months, has been classified as a disposal group held for sale and presented separately in the statement of financial position.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	31 March 2023	31 March 2022
Results of assets held for sale		
Effect on statement of profit or loss and other comprehensive income		
Revenue	**-**	-
General and administrative	**(108,028)**	(48,781)
Sales and marketing	**(2,843)**	-
Research and development	**(612,165)**	(152,340)
Insurance	**(3,442)**	-
Licences, permits and compliance costs	**(39,670)**	(33,318)
Interest income	**10**	-
Research and development incentive	**117,844**	-
Net foreign exchange	**(484)**	(50)
Loss before tax from disposal group	**(648,778)**	(234,489)
Attributable tax expense	**-**	-
Loss after tax from disposal group	**(648,778)**	(234,489)
Cashflow from discontinued operations		
Cashflow from financing activities	**-**	-
Effect on the financial position of the Group as at 31 March		
Current Assets		
Cash and cash equivalents	100	8,075
Accounts receivable	157,808	271,966
Prepaid expense	17,208	-
Non-current Assets		
Property, plant and equipment	323,123	717,306
Refundable deposit	40,913	-
Assets to be disposed of	**539,152**	997,347
Current Liabilities		
Accounts payable and accrued liabilities	57,971	241,424
Liabilities to be disposed of	**57,971**	241,424
Net assets to be disposed of	**481,181**	755,923

12. PROPERTY, PLANT AND EQUIPMENT

The Group's plant and equipment comprised of:

	Land & buildings	Leasehold improvements	Production equipment	Office equipment	Assets under construction	Total
Cost						
As at 30 June 2021	37,034,042	7,209,137	9,922,989	361,973	-	54,528,141
Additions	6,833,149	3,660	1,056,489	122,726	1,722,464	9,738,488
Assets moved to held for sale	-	-	(477,005)	-	(255,686)	(732,691)
Transfers	7,177,768	(7,177,768)	-	-	-	-
Write-off asset	(33,421)	(2,270)	(47,710)	-	-	(83,401)
Foreign exchange movements	(2,106,383)	-	(148,232)	(1,934)	-	(2,256,549)
As at 31 March 2022	48,905,155	32,759	10,306,531	482,765	1,466,778	61,193,988
Additions	1,053,824	-	483,475	26,727	619,216	2,183,242
Transfers	2,085,994	-	-	-	(2,085,994)	-
Assets moved to held for sale	-	-	394,183	-	-	394,183
Foreign exchange movements	4,060,252	-	1,172,489	64,128	-	5,296,869
As at 31 March 2023	**56,105,225**	**32,759**	**12,356,678**	**573,620**	**-**	**69,068,282**
Accumulated depreciation						
As at 30 June 2021	-	(295,711)	(126,262)	(40,899)	-	(462,872)
Depreciation	(356,271)	(137,743)	(136,458)	(130,657)	-	(761,129)
Transfers	(419,969)	419,969	-	-	-	-
Write-off asset	3,595	2,270	77,536	-	-	83,401
Assets moved to held for sale	-	-	15,386	-	-	15,386
Foreign exchange movements	(353,218)	-	(269,546)	(51,663)	-	(674,427)
As at 31 March 2022	(1,125,863)	(11,215)	(439,344)	(223,219)	-	(1,799,641)
Depreciation	(1,802,921)	(6,558)	(983,398)	(43,919)	-	(2,836,796)
Transfers	-	-	-	-	-	-
Assets move from held for sale	-	-	(15,386)	-	-	(15,386)
Foreign exchange movements	(630,989)	-	(442,298)	(62,867)	-	(1,136,154)
As at 31 March 2023	**(3,559,773)**	**(17,773)**	**(1,880,426)**	**(330,005)**	**-**	**(5,787,977)**
Carrying value						
As at 31 March 2022	47,779,292	21,544	9,867,187	259,546	1,466,778	59,394,347
As at 31 March 2023	52,571,056	14,986	10,450,648	243,615	-	63,280,305

13. INTANGIBLE ASSETS

The Group's intangible assets comprised of:

	Patents & trademarks	Computer software	Pharmaceutical quality system	Product development costs	Total
Cost					
As at 30 June 2021	120,325	155,463	548,946	-	824,734
Additions	-	29,475	-	-	29,475
As at 31 March 2022	120,325	184,938	548,946	-	854,209
Additions	1,464	33,437	-	3,076,750	3,111,651
As at 31 March 2023	**121,789**	**218,375**	**548,946**	**3,076,750**	**3,965,860**
Accumulated amortisation					
As at 30 June 2021	(22,627)	(52,461)	(35,434)	-	(110,522)
Amortisation	(4,513)	(23,313)	(41,175)	-	(69,001)
As at 31 March 2022	(27,140)	(75,774)	(76,609)	-	(179,523)
Amortisation	(5,837)	(33,476)	(54,770)	(53,615)	(147,698)
As at 31 March 2023	**(32,977)**	**(109,250)**	**(131,379)**	**(53,615)**	**(327,221)**
Carrying value					
As at 31 March 2022	93,185	109,164	472,337	-	674,686
As at 31 March 2023	**88,812**	**109,125**	**417,567**	**3,023,135**	**3,638,639**

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	31 March 2023	31 March 2022
Trade and other payables	**1,847,676**	1,545,352
Accrued liabilities	**1,473,569**	1,653,742
Goods and services payable	**33,830**	-
	3,355,075	3,199,094

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature.

15. DEFERRED PAYMENT

The Group was party to a Loan Note to Canopy Growth Corporation in relation to the Little Green Pharma Denmark ApS acquisition on 21 June 2021. A total of $8,557,736 was repaid on 5 July 2022. A further $544,668 was repaid on 3 January 2023. The remaining $4,109,512 million was repaid post year end on 3 April 2023. The Loan Note incurred interest of $448,979 (31 March 2022: $469,372). The unfavourable net foreign exchange movement on the loan was $886,268 (31 March 2022: $845,244).

16. EXTERNAL BORROWINGS

At year end the Group had debtor financing of $1,950,000 in relation to its expected Australian Research and Development tax incentive rebate (refer to note 8). The debtor financing has an effective interest rate of 15% and an amortised cost of $1,951,603 with a maturity date of 31 July 2023.

In addition, the Group has two principal bank loans:

- A long term secured loan of $3,770,000 (31 March 2022: $3,770,000) from National Australia Bank. The loan was taken out on 24 February 2022. Repayment is due 31 December 2024. The loan is secured over the land and buildings held by LGP Holdings Pty Ltd. These assets are classified as property, plant and equipment whose carrying value is $6,179,452 (31 March 2022: $6,300,286). The loan carries a variable interest rate. The current weighted average effective interest rate on the loan is 5.45% and has an amortised cost of $3,817,848.
- A secured revolving credit facility of $2,000,000 (31 March 2022: $nil) from National Australia Bank. The loan was taken out on 30 November 2022. Repayments commenced 31 December 2022 and will continue until 30 November 2027. The revolving credit is secured by a chattel mortgage over the underlying equipment held by LGP. The bank loan carries a fixed interest rate at 7.68% and an amortised cost of $1,866,667.

The Group has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 reporting period.

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

17. EMPLOYEE BENEFIT OBLIGATIONS

The Group's employee benefit obligation is comprised of:

	31 March 2023	31 March 2022
Current liabilities		
Annual leave	**674,375**	777,581
Employee Benefits	**394,671**	355,864
Non-current liabilities		
Long service leave	**41,385**	18,399
	1,110,431	1,151,844

18. SHARE CAPITAL

At 31 March 2023 a total of 297,891,047 ordinary shares had been issued (31 March 2022 - 240,211,214).

Cash financing activities for the year ended 31 March 2023 included two successful share placements. The first placement on 9 November 2022 included the issuance of 20,000,000 ordinary shares at $0.20 per share with a free attaching option with an exercise price of $0.25 to raise a total of $4,000,000. In conjunction with this, a Share Purchase Plan under the same terms raised $897,500 (4,487,500 ordinary shares and options) and post shareholder approval the Board and Executive members also subscribed for 1,000,000 ordinary shares and options under the same terms raising $200,000.

The second placement on 30 March 2023 included the issuance of 27,777,778 ordinary shares at $0.18 to raise $5,000,000.

Non cash financing activities for the year ended 31 March 2023 included issuing, 55,000 ordinary shares in lieu of cash for services to service providers at a weighted average price of $0.45 per share totalling $25,000, 604,000 ordinary shares to employees at a weighted average price of $0.41 per share totalling $246,125, 2,500,000 ordinary shares on conversion of performance rights to the Executive at a weighted average issue price of $0.40 per share and 1,200,000 ordinary shares on the conversion of retention rights to the Non-Executive Directors and certain other employees at a weighted average issue price of $0.30 per share. The Group appointed non-executive Director, Ms Beatriz Vicén Banzo on 8 July 2022 and agreed to issue incentive securities to Ms Beatriz Vicén Banzo prior to her appointment as Director, which included 50,000 fully paid ordinary shares at $0.30 per share totalling $15,000.

19. SHARE BASED PAYMENTS

The Board of Directors has the discretion to determine to whom options, performance rights and other equity instruments will be granted, the number and exercise price as well as the terms and time frames in which they will vest and be exercisable.

Options

	Number of options	Weighted average exercise price
Balance as at 30 June 2021	**7,573,536**	0.38
Granted	-	-
Forfeited	-	-
Exercised	(3,500,000)	0.30
Balance as at 31 March 2022	**4,073,536**	0.45
Granted	-	-
Forfeited	(4,073,536)	0.45
Exercised	-	-
Balance as at 31 March 2023	**-**	-

Under the placement referred to in note 18, a total of 25,487,500 options with an exercise price of $0.25 and a term of 18-months were issued. Exercise of the options will entitle the holder to one ordinary share in the Company.

During the reporting period, 4,073,536 options expired without exercise or conversion. A further 5,000 options were exercised with an average weighted exercise price of $0.25.

19. SHARE BASED PAYMENTS CONTINUED

Performance rights

	Number of rights	Weighted average value
Balance as at 30 June 2021	**3,000,000**	0.39
Granted	**4,500,000**	0.82
Forfeited	**-**	-
Exercised	**(500,000)**	0.40
Balance as at 31 March 2022	**7,000,000**	0.66
Granted	**6,000,000**	0.11
Forfeited	**-**	-
Exercised	**(2,500,000)**	0.40
Balance as at 31 March 2023	**10,500,000**	0.41

Each class of share right has a price hurdle, being $0.50, $0.60 and $0.75 respectively. A hurdle needs to be satisfied within three-years of the grant date and if achieved, and the employee remains employed then they will receive a third of the performance rights immediately, a third on the first anniversary of the milestone being achieved and the final third on the second anniversary. If a vesting hurdle is not achieved within three-years or the employee leaves, the unvested performance rights lapse. The inputs into the Trinomial Up and In model with a Parisian Barrier were as follows:

	Class I	Class J	Class K
Weighted average share price	$0.20	$0.20	$0.20
Weighted average exercise price	Nil	Nil	Nil
Expected future volatility	75%	75%	75%
Expected life	5 years	5 years	5 years
Risk free rate	3.17%	3.17%	3.17%
Expected dividend yields	Nil	Nil	Nil
Fair value per security	$0.1288	$0.1147	$0.0974
Total fair value of securities	$257,600	$229,400	$194,800

19. SHARE BASED PAYMENTS CONTINUED

Retention rights

	Number of rights	Weighted average value
Balance as at 30 June 2021	**1,200,000**	0.30
Granted	**105,000**	0.84
Forfeited	-	-
Exercised	-	-
Balance as at 31 March 2022	**1,305,000**	0.34
Granted	**255,000**	0.31
Forfeited	-	-
Exercised	**(1,200,000)**	0.30
Balance as at 31 March 2023	**360,000**	0.46

During the reporting period, the following retention rights were issued to Non-executive Directors: 150,000 retention rights were issued to Ms Beatriz Banzo with a grant date value of $0.30 per retention right. The retention rights have a grant date of 6 July 2022 and a vesting date of 7 July 2025. 70,000 and 35,000 retention rights were issued to Mr Michael David Lynch-Bell and Dr Neale Fong respectively. The retention rights have a grant date value of $0.32 per retention right. The retention rights have a grant date of 29 August 2022 and a vesting date of 20 February 2025. The expense has been vested over the service condition period. The retention rights were approved at the Annual General meeting, with further shareholder approval obtained.

Employee share incentive plan

During the reporting period the Company issued 359,000 shares and 514,000 share rights under the Employee Share Incentive Plan relating to the financial year ended 31 March 2022. The equity instruments had a fair value of $0.88 at grant date. The share rights have a nil exercise price and vest evenly in two tranches on 31 March 2023 and 31 March 2024 assuming the recipient remains employed by LGP.

On 29 August 2022, at the Annual General Meeting it was resolved to issue ordinary shares in lieu of salary to the following Directors; Mr Angus Caithness, Mr Michael D Lynch-Bell and Dr Neale Fong during the reporting period. The number of shares was determined using the volume weighted average market price of the Company's Shares during the salary reduction period. An amount of $159,166 has been recognised in the equity-settled employee benefits reserve during the period.

In addition, the Company intends to issue approximately 1.2 million share rights under the Employee Share Incentive Plan relating to the period ended 31 March 2023. The share rights will have a nil exercise price and vest in three tranches on 31 March 2023, 31 March 2024 and 31 March 2025 assuming the recipient remains employed by LGP.

20. FINANCIAL INSTRUMENTS

The classification of the Group's financial instruments, as well as their carrying amounts and fair values, are as follows:

	31 March 2023		31 March 2022	
	Fair value	**Carrying value**	Fair value	Carrying value
Financial assets				
Amortised Cost				
Cash and cash equivalents	**12,400,319**	**12,400,319**	20,086,504	20,086,504
Trade and other receivables	**7,381,795**	**7,381,795**	5,599,794	5,599,794
Refundable deposits	**386,185**	**386,185**	197,839	197,839
FVPTL				
Other financial assets	**43,284**	**43,284**	40,753	40,753
Financial liabilities				
Amortised Cost				
Accounts payable and accrued liabilities	**3,355,075**	**3,355,075**	3,199,094	3,199,094
Deferred payment	**4,109,512**	**4,109,512**	11,876,669	11,876,669
External borrowings	**7,636,057**	**7,636,057**	3,783,719	3,783,719
Lease liability	**122,415**	**122,415**	213,377	213,377

The carrying value of the cash and cash equivalents, trade and other receivables, refundable deposits, accounts payable and accrued liabilities approximate the fair value because of the short term nature. The carrying value of the deferred payment and external borrowings approximate the fair value because of the short term nature and/or the loans are market rate interest-bearing loans.

The Company holds an investment in a non-listed entity. The non-listed shares are not actively traded. As quoted prices in active markets are unavailable, consideration is given to precedent transactions involving the sale of the company's shares, as a basis to assess the value of the equity investment.

21. FINANCIAL RISK MANAGEMENT

The Board has the overall responsibility for the establishment and oversight of the risk management framework. The Audit and Risk Management Committee is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

a) Market risk

i) Foreign exchange risk

The Company's functional and presentation currency is the Australian dollar and the majority of its assets, liabilities, revenue and expenditures are Australian dollar denominated. The Company's German subsidiary has a Euro functional currency and the majority of its assets, liabilities and expenditures are Euro denominated, its Swiss subsidiary has a CHF functional currency and the majority of its assets, liabilities and expenditures are Swiss franc denominated and its Danish subsidiaries have a DKK functional currency and the majority of its assets, liabilities and expenditures are Danish krone denominated other than the deferred payment which is denominated in Canadian dollars. The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to Europe. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant entity.

The carrying value of financial instruments that are held in a currency other than the entities functional currency are as follows (expressed in Australian dollars).

	31 March 2023	31 March 2022
Financial Assets - EUR		
Cash and cash equivalents	**1,136,458**	1,250,458
Financial Liabilities - CAD		
Deferred payment	**4,109,512**	11,876,669

ii) Cash flow and fair value interest rate risk

The Group is exposed to the risk of future changes in market interest rates. The Group is exposed to interest rate risk through its longer term borrowings comprising a $3,770,000 secured loan, with a variable rate maturing 31 December 2024. The Group does not hold any other material financial liabilities with variable interest rates. Holding all other variables constant, the impact on post tax profit of a 1 percent increase/ decrease in the current weighted average effective interest rate on the $3,770,000 loan would be a decrease/ increase of $37,700.

The Group's asset financing arrangement has a fixed interest rate and is therefore not subject to interest rate risk. The value of secured asset finance borrowings with a fixed rate of interest is $1,866,667.

b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in a financial loss to the Group. Credit risk arises from cash and cash equivalents and credit exposures to sales counterparties and financial counterparties.

i) Risk management

The Group has adopted the policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Cash is deposited only with institutions approved by the Board, with all bank and short term deposits being with AA or A rated banks. The Group does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

ii) Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. All trade receivables are with counterparties with no external credit rating but for which there have been no default in the past.

iii) Impaired trade receivables

In determining the recoverability of trade and other receivables, the Group performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparty. If appropriate, an impairment loss will be recognised in profit or loss. The Group does not have any impaired trade and other receivables as at 31 March 2023 (31 March 2022: nil). An expected credit losses has been recognised of $10,855 (31 March 2022: Nil).

c) Liquidity risk

The Group manages liquidity risk by monitoring immediate and forecasted cash requirements and ensures adequate cash reserves are maintained to pay debts as and when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period, the Group held a short term on-demand cash balance of $12,400,319 (31 March 2022: $20,086,504) that was available for managing liquidity risk.

Management monitors rolling forecasts of the Group's available cash reserves on the basis of expected cash flows. The Group's liquidity management policy seeks a target to maintain available cash (comprising cash on hand, deposits at call and available undrawn debt) of approximately three months of total recurring operational and corporate expenditure.

Refer to note 16 for full details of financing facilities available to the Group.

21. FINANCIAL RISK MANAGEMENT CONTINUED

i) Maturities of financial liabilities

The table below analyses the Group's financial liabilities based on their contractual maturities.

The amounts are the contractual undiscounted cash flows with balances due within 12-months being equal to their carrying value as the impact of discounting is not significant.

	up to 1 year	Between 1 and 5 years	Total contractual cash flows	Carrying amount liabilities
At 31 March 2023				
Accounts payable and accrued liabilities	**3,355,075**	-	3,355,075	3,355,075
Lease liability	**95,315**	**38,397**	133,712	122,415
External borrowings	**2,351,603**	**5,965,923**	8,317,526	7,636,057
Deferred payment	**4,109,512**	-	4,109,512	4,109,512
Total non-derivatives	**9,911,505**	**6,004,320**	**15,915,825**	**15,223,059**
At 31 March 2022				
Accounts payable and accrued liabilities	**3,199,094**	-	3,199,094	3,199,094
Lease liability	**98,495**	**130,549**	229,044	213,377
External borrowings	-	**4,195,045**	4,195,045	3,783,719
Deferred payment	**11,876,669**	-	11,876,669	11,876,669
Total non-derivatives	**15,174,258**	**4,325,594**	**19,499,852**	**19,072,859**

22. CAPITAL MANAGEMENT

The Group's objective when managing its capital is to ensure sufficient debt and equity financing to fund its planned operations in a way that maximises the shareholder return given the assumed risks of its operations. Through the ongoing management of its capital, the Company will modify the structure of its capital based on changing economic conditions. In doing so, the Company may issue new shares or take on debt. Annual budgeting is the primary tool used to manage the Group's capital. Updates are made as necessary to both capital expenditure and operational budgets in order to adapt to changes in risk factors, proposed expenditure programmes and market conditions.

23. OPERATING SEGMENTS

The Group's chief operating decision maker examines the group's performance both from a product and geographic perspective and has identified two reportable segments of its business. These are defined as Australia and Europe: cultivation, production and distribution of cannabis flower and oil products to Australian and International customers.

The segment information below does not include notional writedowns of intercompany loans or investments.

The following is an analysis of the Group's reportable operating segments:

Consolidated 31 March 2023	Australia	Europe	Intersegment eliminations	Total
Revenue	19,044,049	3,392,650	(2,577,576)	19,859,123
Loss after tax	(2,103,816)	(6,946,472)	(155,141)	(9,205,429)
Assets				
Current assets	25,420,571	5,780,950	(55,694)	31,145,827
Non-current assets	94,300,640	48,587,162	(75,413,862)	67,473,940
Total assets	**119,721,211**	**54,368,112**	**(75,469,556)**	**98,619,767**
Liabilities				
Current liabilities	(5,186,874)	(5,907,342)	55,694	(11,038,522)
Non-current liabilities	(13,160,236)	(35,585,387)	43,392,684	(5,352,939)
Total liabilities	**(18,347,110)**	**(41,492,729)**	**43,448,378**	**(16,391,461)**

Consolidated 31 March 2022	Australia	Europe	Intersegment eliminations	Total
Revenue	10,387,095	618,123	(475,271)	10,529,947
Loss after tax	(6,002,644)	(12,056,721)	(226,884)	(18,286,249)
Assets				
Current assets	33,522,582	2,173,166	(248,387)	35,447,361
Non-current assets	71,994,464	44,115,866	(55,612,509)	60,497,821
Total assets	105,517,046	46,289,032	(55,860,896)	95,945,182
Liabilities				
Current liabilities	(3,371,608)	(13,177,519)	-	(16,549,127)
Non-current liabilities	(10,690,391)	(13,920,637)	20,694,028	(3,917,000)
Total liabilities	(14,061,999)	(27,098,156)	20,694,028	(20,466,127)

24. PARENT ENTITY

	31 March 2023	31 March 2022
Total current assets	**24,444,335**	32,480,278
Total non-current assets	**68,229,274**	50,059,962
Total assets	**92,673,609**	82,540,240
Total current liabilities	**(5,092,364)**	(3,144,185)
Total non-current liabilities	**(5,352,939)**	(3,917,000)
Total liabilities	**(10,445,303)**	(7,061,185)
Share capital	**101,183,206**	90,254,064
Reserves	**2,866,223**	2,370,798
Accumulated deficit	**(21,821,123)**	(17,145,807)
Total shareholder's equity	**82,228,306**	75,479,055
Net loss and comprehensive income	**(4,675,316)**	(20,592,377)

The financial information for the parent entity, Little Green Pharma Ltd, has been prepared on the same basis as the consolidated financial statements with the exception of its investment in its subsidiaries which have been accounted for at cost.

25. RELATED PARTY TRANSACTIONS

	31 March 2023	31 March 2022
Salaries and fees[1]	**824,950**	605,296
Short term incentive - cash	**156,300**	153,451
Post employment benefits	**47,242**	38,258
Share based payments	**772,932**	663,732
	1,801,423	1,460,737

(1) Salaries and fees in 31 March 2023 include share rights issued in lieu of salary, movements in the annual leave and long service leave provisions, shares issued as part of compensation to Ms Beatriz Vicén Banzo, as well as car parking paid for by the company.

(2) The short term incentive for the period ending 31 March 2022 has been updated for the finalisation of the outcome of the short incentive.

26. AUDITORS' REMUNERATION

The auditor of the Group for the current year was BDO Audit Pty Ltd and Deloitte Touché Tohmatsu Limited for the prior reporting period

	31 March 2023	31 March 2022
Amounts received or due and receivable for:		
Audit or review of financial reports		
• Group	**129,805**	211,991
• Subsidiaries	**43,335**	47,500
Total remuneration for audit and other assurance services	**173,140**	259,491

27. IMPACTS AND RESPONSE TO CONFLICT AND COVID - 19

The ongoing war in Ukraine has negatively impacted European power prices with significant increases across all EU countries including Denmark. The Company has applied for cost relief and Government assistance where available. To date the war has not resulted in any material impact on obtaining critical materials and consumables.

As an essential goods provider the Company continued to operate throughout the COVID-19 pandemic. The Company has taken measures to protect the health and welfare of its staff, maintain cultivation and manufacturing operations, review its cost base, manage cost exposure and counterparty risk, apply for cost relief and Government assistance where available, secure supply chains of critical materials and consumables and defer non-essential research and development.

28. EVENTS AFTER THE REPORTING DATE

On 3 April 2023, the Company fully settled the amount owing to Canopy Growth Inc as per note 15.

On 11 April 2023, the Company received the research and development rebate of $1,877,867 in relation to historical research and development expenditure in Denmark.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations, results of operations or state of affairs of the Group in subsequent financial years.

DIRECTOR'S DECLARATION

The directors of the Company declare that:

1. The financial statements and notes for the year ended 31 March 2023 are in accordance with the Corporations Act 2001 and:
   a. comply with Australian Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (**IFRS**); and
   b. give a true and fair view of the financial position and performance of the consolidated entity;
2. 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.
3. The Directors have been given the declarations by the Managing Director & Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Michael D Lynch-Bell
Independent Non-Executive Chair

Fleta Solomon
Chief Executive Officer

18

ASX additional *information*

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 15 May 2023.

ORDINARY SHARE CAPITAL

297,891,049 fully paid ordinary shares are held by 12,211 individual shareholders.
All issued ordinary shares carry one vote per share and carry the rights to dividends.

TOP 20 SHAREHOLDERS (CONSOLIDATED) AS AT 15 MAY 2023

NAME	UNITS	% UNITS
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,923,854	12.69
UBS NOMINEES PTY LTD	32,256,846	10.79
MS FLETA JENNIFER SOLOMON	21,559,439	7.2
BARBRIGHT AUSTRALIA PTY LTD <INTERQUARTZ SUPER A/C>	14,420,420	4.82
BANQUO CONSULTING PTY LTD	9,048,000	3.02
BNP PARIBAS NOMS PTY LTD <DRP>	7,468,464	2.50
CG NOMINEES (AUSTRALIA) PTY LTD	4,147,061	1.39
SUPERHERO SECURITIES LIMITED <CLIENT A/C>	3,728,338	1.25
BENONI PTY LTD <THE MKJ SUPER FUND A/C>	3,582,127	1.20
CITICORP NOMINEES PTY LIMITED	2,530,219	0.85
PAUL FREDERICK LONG <THE LONG A/C>	2,371,691	0.79
MR ANGUS CAITHNESS	2,239,571	0.75
MS JENNY LORRAINE MCKAY <J & K MCKAY	2,229,746	0.75
MR DAMIEN MATTHEW BOOTH <DAMIEN BOOTH FAMILY A/C>	1,858,639	0.62
JASFORCE PTY LTD	1,705,556	0.57
MICHAEL D LYNCH-BELL	1,669,991	0.56
MR SEAN EDWARD REID + MS LOUISE JANE PILKINGTON	1,552,600	0.52
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,406,174	0.47
JENSEN JARRAH PTY LTD	1,369,231	0.46
MS MARY BERNADETTE DAVIS	1,240,000	0.41
TOTAL	**154,057,967**	**51.54%**

The number of shareholders, by size of holding, in each class are:

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1 - 1,000	2,515	1,869,034	0.63
1,001 - 5,000	5,478	13,743,808	4.60
5,001 - 10,000	1,808	13,643,402	4.56
10,001 - 100,000	2,201	60,991,585	20.41
100,001 and over	213	208,622,000	69.80
TOTAL	**12,215**	**298,869,829**	**100.00**

There are 6,010 holdings less than a marketable parcel.

SUBSTANTIAL SHAREHOLDERS AS AT 15 MAY 2023

NAME	UNITS	% UNITS
THORNEY INVESTMENTS	33,312,402	11.15%
HANCOCK PROSPECTING	26,739,029	8.95%
MS FLETA J SOLOMON	21,559,439	7.2%

OPTION HOLDINGS

25,472,500 options are held by 206 individual option holders.

The Company has the following classes of options on issue as at 15 May 2023 as detailed below. Options do not carry any rights to vote.

CLASS		TERMS	NO. OF OPTIONS
LGPOPT1	UNLISTED OPTIONS	Exercisable at $0.25 expiring on or before 19 July 2024	25,472,500
			25,472,500

OPTIONS RANGE	UNLISTED OPTIONS	
	NO. OF HOLDERS	NO. OF OPTIONS
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	1	7,500
10,001 – 100,000	153	4,439,356
100,001 and over	152	21,025,644
	206	**25,472,500**

No Option holders hold more than 20% of a particular class of the Company's Unlisted Options.

CONSISTENCY WITH BUSINESS OBJECTIVES – ASX LISTING RULE 4.10.19

The Company has used the cash and cash equivalents it had at the time of admission in a way consistent with its business objectives.

ESCROW SECURITIES

The following securities are subject to voluntary escrow:

CLASS	ESCROW TERM	UNITS
Fully paid ordinary shares	30 June 2023	1,000,000

SHARE RIGHTS AND PERFORMANCE RIGHTS

As at 15 May 2023 the Company has the following share rights and performance rights on issue which vest and are convertible (on a 1 to 1 basis) to fully paid ordinary shares upon satisfaction of the relevant Milestone, as follows:

SECURITY	NUMBER	EXPIRY	MILESTONE	VESTING CONDITIONS
Performance Rights (Class F)	1,000,000	17 August 2026	Company's 20-day share price volume weighted average price equals at least $0.95 before 17 August 2024.	500,000 rights vest 12-months after satisfaction of Milestone 500,000 rights vest 24-months after satisfaction of Milestone Holder must be employee at date of vesting.
Performance Rights (Class G)	1,000,000	17 August 2026	Company's 20-day share price volume weighted average price equals at least $1.10 before 17 August 2024.	500,000 rights vest 12-months after satisfaction of Milestone 500,000 rights vest 24-months after satisfaction of Milestone Holder must be employee at date of vesting.
Performance Rights (Class H)	1,000,000	17 August 2026	Company's 20-day share price volume weighted average price equals at least $1.25 before 17 August 2024.	500,000 rights vest 12-months after satisfaction of Milestone 500,000 rights vest 24-months after satisfaction of Milestone Holder must be employee at date of vesting.
Performance Rights (Class I)	1,000,000	27 February 2028	Company's 20-day share price volume weighted average price equals at least $0.50 before 27 February 2026.	500,000 rights vest 12-months after satisfaction of Milestone 500,000 rights vest 24-months after satisfaction of Milestone Holder must be employee at date of vesting.
Performance Rights (Class J)	1,000,000	27 February 2028	Company's 20-day share price volume weighted average price equals at least $0.60 before 27 February 2026.	500,000 rights vest 12-months after satisfaction of Milestone 500,000 rights vest 24-months after satisfaction of Milestone Holder must be employee at date of vesting.
Performance Rights (Class K)	1,000,000	27 February 2028	Company's 20-day share price volume weighted average price equals at least $0.75 before 27 February 2026.	500,000 rights vest 12-months after satisfaction of Milestone 500,000 rights vest 24-months after satisfaction of Milestone Holder must be employee at date of vesting.
Share Rights (Non-Executive Director Retention) – Tranche 1	105,000	20 February 2026	Continued employment until date of vesting	Rights vest on 20 February 2024
Share Rights (Non-Executive Director Retention) – Tranche 2	150,000	7 July 2027	Continued employment until date of vesting	Rights vest on 7 July 2025
Share Rights (Non-Executive Director Retention) – Tranche 3	105,000	20 February 2027	Continued employment until date of vesting	Rights vest on 20 February 2025
Share Rights (Employee Retention)	2,000,000	31 March 2028	Continued employment until date of vesting	Rights vest on 31 March 2026
Share Rights (Employees) – ESIP Tranche 2	222,500	14 July 2023	Continued employment until date of vesting	Rights vest on 1 July 2023 All vested rights automatically convert to fully paid ordinary shares on 14 July 2023
Share Rights (Executive Directors) – FY2022 ESIP Tranche 2	68,000	14 April 2024	Continued employment until date of vesting	Rights vest on 1 April 2024
Share Rights (Employees) – FY2022 ESIP Tranche 2	179,000	14 April 2024	Continued employment until date of vesting	Rights vest on 1 April 2024

About Little Green Pharma

Little Green Pharma was founded in 2016 with a simple dream – to make affordable, quality-manufactured cannabis medicines for patients in WA.

And we wanted to be different, to distinguish ourselves from "Big" Pharma. Hence our name: Little Green Pharma.

In the beginning, this was only a small dream. But sometimes dreams need to grow.

Today, we're no longer quite so little. But our dream hasn't changed: it's just grown with us.

Today, our mission is to transform the accessibility of medicinal cannabis for patients and prescribers globally.

Today, each decision is underpinned by a single question – *will this ultimately help patients and prescribers better access high-quality medicinal cannabis.*

We've achieved so much over the past seven-years.
We helped pioneer the Australian medicinal cannabis industry, and in the process became a leading global herbal medicine supplier.

We're rightly proud of what we've become, and where we're going.

But mostly, we're proud of what we do for our patients. And as an investor and supporter of Little Green Pharma, we hope you feel proud too.

little green pharma

Phone: +61 8 6280 0050
Email: cosec@lgp.global
Website: www.littlegreenpharma.com
PO Box 690, West Perth WA 6872