ZELIRA THERAPEUTICS LTD

ABN 27 103 782 378

APPENDIX 4E Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2023

The following information is given to ASX under listing rule 4.3A.

1. Reporting period

Current Period **12 months ended 30 June 2023**

Prior Period **12 months ended 30 June 2022**

2. Results for announcement to the market

				% Change		
Consolidated Group	**Item**		**AUD $**			**AUD $**
Revenue – excluding interest received	**2.1**	down	1,239,503	80%	to	301,121
Loss after tax attributable to members	**2.2**	up	6,372,296	53%	to	(5,573,007)
Net loss attributable to members	**2.3**	up	6,372,296	53%	to	(5,573,007)
Dividend	**2.4**	N/A				

Overview

The principal activities of Zelira Therapeutics Limited and its controlled entities ("Group") during the financial year includes the following:

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

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

Zelira has also generated revenue in Australia from its proprietary and patented Zenivol® – the world's first clinically validated cannabinoid drug for treatment of chronic insomnia. Zelira will also be expanding commercialisation of Zenivol® into Germany via its German commercialisation partner Adjupharm GmbH following recent approval from German regulatory authority BfArM.

Zelira's OTC products in the oral and dermatology health care sectors are also generating revenue. Zelira, in partnership with SprinJeneCBD, launched a full line of oral care products, currently generating revenue in the US. The SprinJeneCBD toothpaste product is the first of several scientifically formulated, hemp-derived, oral care products containing cannabinoids, blackseed oil and zinc utilising proprietary and patented technology. Zelira also launched in 2021 the RAF FIVE™ brand, which consists of five OTC acne treatment products using a proprietary formulation incorporating cannabidiol (CBD).

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

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

Overview of results

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

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

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

Launch Events and Achievements:

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

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

Learn and Develop Events and Achievements:

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

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

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

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

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

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

Corporate

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

Throughout the financial year, Zelira received full settlement of the $1,500,000 Health House working capital loan. Total repayments equated to $1,750,000 consisting of:

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

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

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

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

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

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

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

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

Post year end, Zelira executed definitive agreements with the 2011 Forman Trust and Mr Malik Majeed, to close a first tranche of US$1,069,000 out of the US$3.25 million funding for Zelira to initiate HOPE® FDA clinical trials, with the funds being received in August 2023 by the SPV.

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

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

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

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

8. Board Appointments

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

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

Significant Changes in the State of Affairs

Refer above.

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income

Refer to attached financial statements.

4. Consolidated Statement of Financial Position

Refer to attached financial statements.

5. Consolidated Statement of Cashflow

Refer to attached financial statements.

6. Dividends Paid or Recommended

The Directors have not recommended or paid a dividend**.**

7. Details of any Dividend or distribution reinvestment plans

The Company does not have any distribution reinvestment plans.

8. Statement of movements in Retained Earnings

Refer to attached financial statements.

9. Net tangible assets per security

	30 June 2023	**30 June 2022**
Number of securities	11,347,155	9,577,116
Net tangible assets per security in cents	0.019	0.42

10. Control gained over entities

The Company did not gain control over any entities during the period.

11. Details of associates and joint venture entities

The Company does not have any associates or joint venture entities.

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Refer to attached financial statements.

13. Foreign entities disclosures

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

14. Additional information

Loss per Share on continuing operations	**30 June 2023**	**30 June 2022**
Basic (loss) earnings per share in cents	(62.26)	(154.35)
Diluted (loss) earnings per share in cents	(62.26)	(154.35)

After Balance Date Events

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

Issuer	Zelira – Hope1, LLC
Securities	Convertible note – convertible into common stock at the purchaser's election
Note Amount	US$3,250,000: - Phase 1/2: US$1,888,000 - Phase 3/4 US$1,362,0000
Note Interest Rate	10% paid in cash annually in arrears
Note Term	12 month each
Origination Fee	0.5%
Note security	The Notes will be secured by a first ranking security over the assets of the SPV
Conditions of draw down	The remaining funds will draw down funds upon the achievement of the below milestones: • Execution of definitive agreements (achieved) • Enrolment of first patient (FPI) for either its Phase 1 or 2 Clinical Trial • Commencement its Phase 3 Clinical Trial • Enrolment of first patient (FPI) for its Phase 3 Clinical Trial
Use of funds	Zelira agrees to perform HOPE Phase 1/2 ($17,690,400) & Phase 3 ($14,067,200) clinical trials, exclusively with iNGENū CRO.
Convertibility Option	At the Purchasers' election during the term of the Convertible Note, the Purchasers may convert a portion or all their Convertible Note into a cumulative maximum of 4.23% of shares of the SPV's common stock (the "Conversion").
Conversion Terms	The Convertible Note converts on a fixed ratio per USD drawn down and the conversion price (the "Conversion Price") will be undertaken with no discount to the value in the SPV. Zelira holds 55% of the SPV and the cash investors with a cumulative investment of $34,557,600 shall hold 45% of the SPV.

The first tranche of US$1,069,000 from the 2011 Forman Trust and Mr Malik Majeed was received on 17 August 2023.

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

15. Audit

The results are in the process of being audited.

Signed in accordance with a resolution of the Board of Directors of Zelira Therapeutics Limited:

Dr. Oludare Odumosu
Managing Director
Dated this 31st day of August 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	2023 $	2022 $
CURRENT ASSETS			
Cash and cash equivalents		146,206	2,746,409
Trade and other receivables	3	96,739	372,590
Inventories	4	1,527,995	1,957,147
Loan receivable	6	-	-
TOTAL CURRENT ASSETS		1,770,940	5,076,146
NON-CURRENT ASSETS			
Right-of-use assets		335,101	398,967
Other financial assets		43,426	64,110
Property, plant and equipment		183,644	448,665
Intangible assets	5	31,557,602	31,713,603
TOTAL NON-CURRENT ASSETS		32,119,773	32,625,345
TOTAL ASSETS		33,890,713	37,701,491
CURRENT LIABILITIES			
Trade and other payables		1,741,011	1,510,045
Lease liabilities		142,528	116,709
TOTAL CURRENT LIABILITIES		1,883,539	1,626,754
NON-CURRENT LIABILITIES			
Lease liabilities		295,374	384,199
TOTAL NON-CURRENT LIABILITIES		295,374	384,199
TOTAL LIABILITIES		2,178,913	2,010,953
NET ASSETS		**31,711,800**	**35,690,538**
EQUITY			
Issued capital	7	45,515,996	43,745,957
Reserves		31,053,341	30,651,454
Accumulated losses		(44,767,265)	(39,194,258)
Parent entity interest		31,802,072	35,203,153
Minority interest		(90,272)	487,385
TOTAL EQUITY		**31,711,800**	**35,690,538**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. REVENUE

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

Disaggregation of revenue

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

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

2. OTHER INCOME

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

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

3. TRADE AND OTHER RECEIVABLES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

4. INVENTORIES

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

5. INTANGIBLES

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

Impairment tests for goodwill

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

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

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

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

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

6. LOAN RECEIVABLE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

6. LOAN RECEIVABLE (cont.)

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

7. ISSUED CAPITAL

	2023	2022
	$	$
	45,515,996	43,745,957

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

8. EARNINGS/(LOSS) PER SHARE

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

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