Results for announcement to the market

31 March 2024

Name of company	Little Green Pharma Ltd
ABN	44 615 586 215
Reporting period	31 March 2024
Previous corresponding period	31 March 2023

Audited Financial Report for the financial year ended 31 March 2024

This page and the following pages comprise the period end information given to the ASX under Listing Rule 4.3A.

The audited results are prepared in accordance with Australian Accounting Standards and are presented in Australian dollars.

Revenue from ordinary activities	Up	$5,772,707	29%	to	$25,631,830
Loss after tax from continuing operations	Down	$404,093	5%	to	$(8,152,558)
Loss before tax from continuing operations	Down	$404,093	5%	to	$(8,152,558)

Revenue from ordinary activities is up by $5,772,707 from $19,859,123 for the year ending 31 March 2023 to $25,631,830 for the year ending 31 March 2024. Revenue from ordinary activities consists primarily of revenue from the sale of medicinal cannabis oil and flower products. The loss after tax from continuing operations includes share based payments expense of $2,252,783, depreciation and amortisation of $3,078,879, and a net fair value movement in biological assets of $511,938. The net operating cash flow is a net positive amount of $66,791 for the year ending 31 March 2024.

Dividends

No dividends are proposed, and no dividends were declared or paid during the current or prior year.

Net tangible asset backing	Reporting period	Previous period
Net tangible assets per ordinary security	$0.246	$0.264

Change in ownership of controlled entities

There were no changes in ownership of any controlled entities during the period.

Accounting standards used by foreign entities

All subsidiaries use International Financial Reporting Standards.

Independent auditor's report

The Financial Report contains an Independent Auditor's Audit Report.
This report contains an emphasis of matter on going concern.

Review of operations

See page 23 of the Annual Report for a review of the Company's operations.

This statement was approved by the Board of Directors.

Alistair Warren
Company Secretary

LITTLE GREEN PHARMA

ABN 44 615 586 215

Annual *Report 2024*

FOR THE YEAR ENDED
31 MARCH 2024

little green pharma

A world of *difference*

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.

Contents

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
Executive Director

Mr Angus Caithness
Executive Director

Chief Executive Officer

Mr Paul Long

General Counsel & Company Secretary

Mr Alistair Warren

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Auditor

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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 25 July 2024. This meeting will be held via Zoom webinar unless otherwise advised.

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LGP *snapshot*

Our team has had a tremendous year, and I'd like to personally thank each of them for their tireless efforts and excellence in delivering on the Company's strategy.

PAUL LONG, CHIEF EXECUTIVE OFFICER

REVENUE

FY24 $25.6m

FY23 $19.9m 29%

CASH GROSS PROFIT [1]

FY24 $16.7m

FY23 $16.8m 1%

CASH GROSS PROFIT % [1]

FY24 65%

FY23 85% 23%

OPERATING EXPENSES

FY24 $22.3m

FY23 $26.1m 15%

ADJUSTED EBITDA[2]

FY24 ($3.3m)

FY23 ($7.5)m 56%

OPERATING CASH FLOW

FY24 $0.1m

FY23 ($6.9)m 101%

CASH AT BANK

FY24 $5.0m

FY23 $12.4m 60%

BORROWINGS

FY24 $3.5m

FY23 $11.7m 70%

WORKING CAPITAL

FY24 $15.0m

FY23 $20.1m 25%

NET TANGIBLE ASSETS

FY24 $73.8m

FY23 $78.6m 6%

STAFF 94

FEMALE STAFF 59%

FEMALE BOARD MEMBERS 40%

OFFICES

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[1] Cash gross profit is calculated by taking the cost of goods sold and adding back any related depreciation, amortisation and share based payments.

[2] Adjusted EBITDA is calculated by taking the EBITDA which is earnings before interest, tax, depreciation and amortization and adjusting it for share based payments, fair value changes on inventory and biological assets, any gains or losses on disposal of assets, any research and development rebates and any government grants.

LGP *snapshot*

BRANDS
3[1]

DISTRIBUTION COUNTRIES
11[4]

NEW PRODUCTS (FY2024)
16

NEW DISTRIBUTION PARTNERS
5

TOTAL PRODUCTS
26[2]

TOTAL DISTRIBUTION PARTNERS
11

GENETICS BANK
20 strains

PRODUCTION FACILITIES
3[5]

STUDIES/TRIALS
13[3]

PRODUCTION CAPACITY
30 TPA[6]

[1] Little Green Pharma, CherryCo, Reset Mind Sciences.

[2] Includes 17 flower products, 6 oil products, 3 vape products.

[3] LGP supplies products to 13 clinical studies. Figure includes LGP's psilocybin clinical trial. LGP was largest supplier to French medicinal cannabis trial during FY2024.

[4] Australia, Germany, France, UK, Italy, Poland, Denmark, Switzerland, Portugal, Sweden and Belgium.

[5] Perth, South West WA, Denmark (EU).

[6] Cannabis biomass.

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LGP timeline *FY2024*

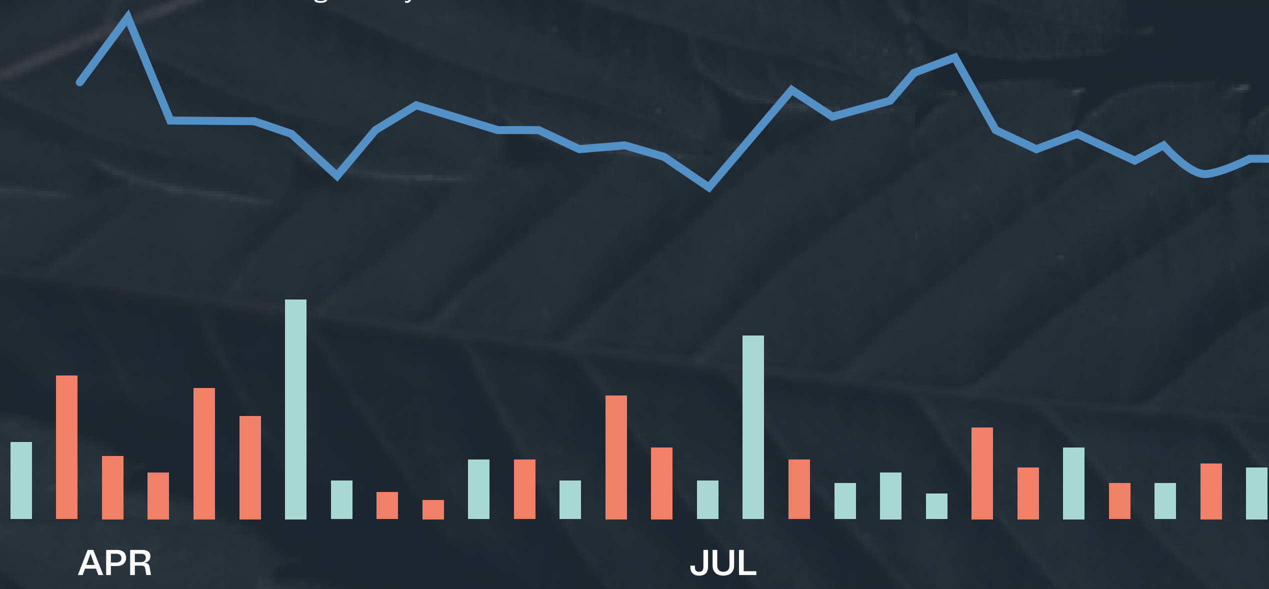
FY2023 REVENUE
$19,859,123

Q1

- Seven new products launched
- Extended French Pilot supply contract awarded
- 60% reduction in long term debt
- QUEST Global Initiative launched
- Psilocybin down-scheduled
- Psilocybin trial ethics approval granted
- Psilocybin production facility commissioned
- Psilocybin clinic and GMP manufacturing facility leased

Q2

- Five new products launched
- Post-French Pilot pathway announced
- QUEST Initiative 3-month results released
- First psilocybin mushrooms produced
- Two journal articles published
- Paul Long appointed CEO



FY2024 REVENUE
$25,631,830

Q3

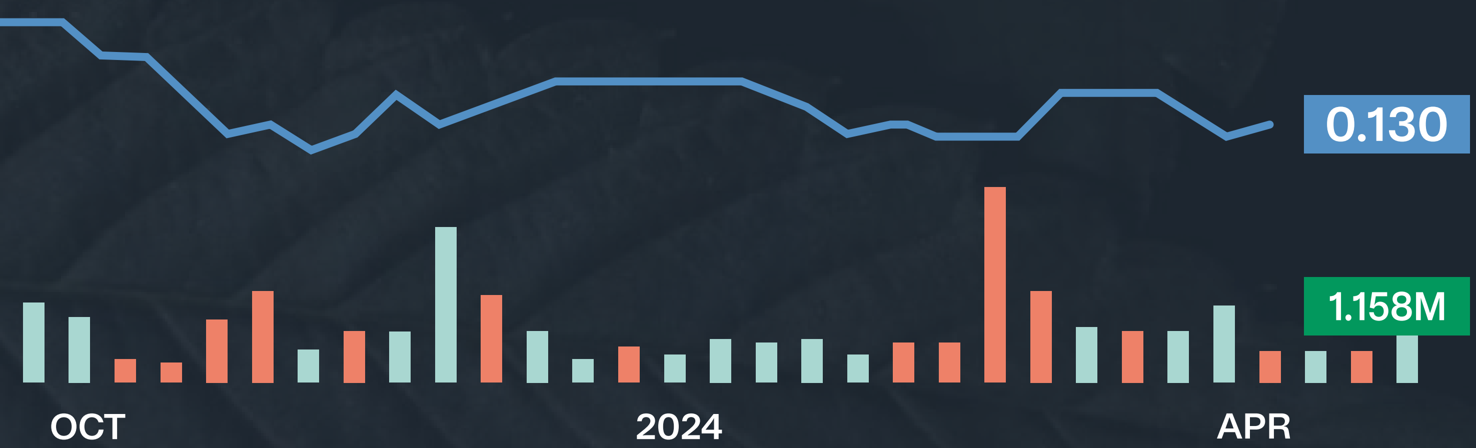
- Four new products launched
- New supply agreements into UK, Italy and Switzerland
- French government confirms post-Pilot medicinal cannabis legalisation framework
- First shipment to Switzerland
- Reset psilocybin trial commences recruitment
- CherryCo brand launched

Q4

- Four new products launched
- Flower sales up 57%
- Nearly $2 million in CherryCo sales since late December
- Cannabis legalised in Germany
- First deliveries into Poland
- Reset demerger ceased
- First Reset clinical trial patients treated

Q1
FY2025 >

- US reschedules cannabis to Schedule III



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Chairman's *letter*

Dear Little Green Pharma shareholders,

I am pleased to present Little Green Pharma's ("**LGP**" or the "**Company**") annual report for the 2024 financial year ("**FY2024**").

Little Green Pharma's goal has always been to make a difference in patients' lives, by providing a wide range of medicinal cannabis products at accessible price points, facilitating independent prescriber education, and sponsoring R&D initiatives to contribute to scientific and medical literature on cannabis treatments.

Since its origins in 2017, the LGP Group has:

- sponsored two of the largest observational studies globally focusing on the quality of life and health economic impacts of medicinal cannabis on patients with chronic disease while contributing to multiple publications in international peer-reviewed journals
- supplied or agreed to supply medicinal cannabis products into 12 observational studies or clinical trials / studies in Australia and Europe investigating the use of cannabis and CBD in the treatment of fibromyalgia, chronic refractory pain, epilepsy, Parkinson's disease, cancer symptom treatment and management, Alzheimers, Dementia, pruritus, and HIV
- been the leading supplier (>70%) of medicinal cannabis products into the French Pilot and post-Pilot transition phase resulting in LGP being the largest supplier of medicinal cannabis in the country
- provided one of the most extensive and well-respected prescriber education platforms in Australia while maintaining a significant independent prescriber network
- supplied or has contracts to supply medicinal cannabis products in 11 countries
- developed one of the most extensive product ranges in the Australian market with 23 branded products in multiple formulations across the LGP and CherryCo brands and a bank of over 20 further genetics in its development pipeline
- developed one of Australia's leading psychedelic companies, Reset Mind Sciences, and sponsored one of the first psychedelic clinical trials in Australia
- become one of the most trusted medicinal cannabis brands in Australia and Europe

In FY2024, the Company had a very successful year, which included:

- the introduction of 16 new products and launch of our CherryCo brand
- the launch of our psilocybin clinical trial in partnership with University of WA and Harry Perkins Institute of Medical Research
- the launch the QUEST Global Initiative in partnership with Curtin University, one of the largest observational studies into medical cannabis for the treatment of chronic disease
- contributions to publications in three peer-reviewed international journals
- the provision of free monthly online training webinars to prescribers and sponsorship of third-party online training with CPD accredited points
- the launch of a face-to-face GP mentor program designed and led by an independent prescriber to give new or inexperienced prescribers guidance on prescribing cannabis across a variety of conditions

Across our teams in Australia and Europe, we have also built an exceptional team and culture. In FY2024 we:

- worked hard to establish a positive and rewarding culture across our global team located in Australia, Denmark, Germany, UK and South Africa, including fostering a culture of open and transparent communication via regular updates and offsite strategy days; improving staff benefits with additional compassionate access, professional development, and various monthly and bi-annual employee award programs; and circulating regular internal feedback from prescribers and patients on Company products and services
- maintained our excellent diversity profile with 59% female staff and 40% female Board members; and an average age of 45 and age range of 23 – 73 years
- had zero lost time incidents
- maintained our robust environmental standards including no use of pesticides and significant renewable power purchases, recycling of growing materials, and use of rainwater and treatment and re-use of waste-water at our Denmark operations.

These accomplishments were recognised by LGP's nominations for various Cannabiz 2024 Awards including Best Patient-Focused Initiative, R&D project of the year, Best Education or Engagement Initiative, and Company of the Year.

While the Company has had a successful year, we are aware that more needs to be done. Global cannabis markets are continually evolving, and with this comes increased competition in key markets such as Australia and Germany, which have seen dramatic rises in new entrants and products over the last 12-months. Capital markets, too, remain weak, with appetite for significant investment in Australian cannabis stocks currently diminished. LGP is aware of these risks but believes it is well placed to manage them and expects opportunities for companies that weather them successfully.

Once again, I would like to thank LGP's staff and management, and of course our loyal shareholders, without whose support we would not be able to turn our goals into reality. I am very optimistic about our future as we work towards making FY2025 an even bigger success than FY2024.

Yours sincerely,

Michael D Lynch-Bell
Independent Non-Executive Chair

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Message from the *Chief Executive Officer*

Dear shareholders,

I am pleased to report Little Green Pharma achieved many key milestones in FY2024 and made remarkable progress in all aspects of our operations across the entire cannabis supply chain.

From the beginning, our strategy has been to be a first mover to remain nimble, and operate across the entire value chain – from cultivation to GMP manufacturing to sales and distribution. This strategy allows LGP to respond to a rapidly changing global industry, identify new prescriber and patient trends, establish controls over supply, cost, and quality; and identify lucrative areas for future growth.

Some of the key highlights from FY2024 included:

1. FINANCIAL ACHIEVEMENTS

We achieved record revenues of $25.6 million for FY2024, an increase of nearly 30% from the previous financial year, and reduced our loss after tax from ($9.2 million) to ($8.2 million).

2. PRODUCT INNOVATION

In FY2024, we introduced 16 new products to our portfolio, being 12 new flower products, including seven new products under the CherryCo brand, one new oil product and three new vaporisation products. The performance of our new CherryCo brand in the booming flower market in Australia was particularly pleasing with the brand contributing $2 million in sales since its launch in late December and contributing to over 70% growth in flower sales without cannibalising other LGP flower sales.

3. EVOLUTION TOWARDS A ONE-STOP-SHOP SUPPLIER

In FY2024, we continued to refine our ambition as a one-stop-shop supplier of medicinal cannabis. Our ability to operate across the entire cannabis supply chain is designed to ensure self-sufficiency and better control of margins with the aim of extracting maximum value for our shareholders. Importantly, it places LGP at a significant advantage to our peers in the industry who typically operate within a single dimension.

4. FIRST MOVER ADVANTAGE

LGP further positioned itself to take advantage of developments and growth both in Australia and Europe, including the key markets of Germany, France, Italy, UK and Poland. This differentiates LGP from almost all other Australian cannabis companies.

Our strategy as first mover in these key markets paid dividends during the year with LGP anticipating to significantly benefit from new laws governing medicinal cannabis supply in France. In addition, Germany's recent move to legalise medicinal cannabis is showing early signs of strong patient uptake within the country – the largest European market for medicinal cannabis. This legislation is also a likely catalyst and roadmap for other legalisation initiatives in other markets.

5. RESEARCH & DEVELOPMENT

Our commitment to and investment in research & development continued during the period with LGP teaming up with Curtin University and the Health Insurance Fund of Australia (HIF) to launch QUEST Global following the success of the original award-winning QUEST Initiative, as well as with the University of WA and Fiona Stanley Hospital to launch the Reset Mind Sciences clinical trial into the use of psilocybin for the treatment of treatment resistant depression.

LGP also supplies or sponsors product to 13 clinical studies in Australia and Europe with various universities and research centres into the treatment of cancer patient symptom management, advanced stage and breast cancer, fibromyalgia, pruritus, Alzheimer's and dementia.

With these achievements in mind, I would now like to look at what's on the horizon for the coming year.

While it has been a tough time in cannabis global markets for a few years, there are significant tail winds which could be catalysts for a re-rating of Australian cannabis stocks including LGP.

In France, the emergence of a post-Pilot legalised medicinal cannabis market has tremendous potential for LGP as the primary supplier to French patients for the past three years. The Company is currently working hard to become the first supplier under the territory's new ad-hoc cannabis supply authorisation pathway from January 2025.

In Germany, the recent partial legalisation of cannabis and removal for cannabis from the Narcotics List has already seen significant growth in clinic activity as new and existing cannabis patients take advantage of its new status, and LGP expects this activity to flow through to increased cannabis sales.

In the US, the pending reclassification of cannabis from Schedule I to Schedule III by the Drug Enforcement Administration (**DEA**) will have significant implications for the US cannabis market and has already led to re-ratings of US stocks. As LGP's share price has historically mirrored the share price of North American cannabis companies, it is anticipated that any re-rating of US stocks will flow through to Australian medicinal cannabis companies including LGP.

We believe these developments are evidence of the start of a global regulatory shift in cannabis markets, with LGP extremely well-positioned to benefit from such a trend.

Of course, LGP expects challenges in the year ahead. The growth in new suppliers and products in the Australian market has been rapid, with many suppliers previously locked out TGA GMP requirements entering the market with a range of formulations. LGP is well positioned to compete with them, and has done so successfully with its growth in new LGP flower products and CherryCo brand, but is very aware that it needs to continually evolve and expand to grow its market share and achieve sustainable profitability. We also expect rationalisation in the industry and will certainly consider all developments there as well.

Thank you to our team for all your hard work during FY2024 and to our shareholders for your continued trust and support.

Paul Long
Chief Executive Officer

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Strategy

LGP's core strategy remains unchanged: build sales in key markets, leverage the resulting manufacturing expertise and capacity to unlock other high-value markets, and continue to develop formulation insights through clinical evidence and develop improved delivery methods 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 for C$20 million (construction cost: C$120 million), 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, 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.

2024 We launched 16 new products including our best-selling CherryCo brand, delivered products into seven countries, initiated our follow-up QUEST Global study following the successful 3-month QUEST Initiative results, and commenced our psychedelics clinical trial.

The Company's growth strategy comprises three key pillars:

1

Patient acquisition in operating jurisdictions

Sales in Australia 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 insights and drug delivery

Develop formulation insights through clinical evidence and new and improved delivery methods for patients.

Our strategy is also to be a first or early mover in key markets while remaining flexible to adapt to rapidly changing markets.

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 our beginning, with broad expertise across the corporate, sales, cultivation, manufacturing, regulatory, and quality domains. This ensures LGP is well positioned to capitalise on opportunities in global cannabis markets as they continue to grow and evolve.

6 Cultivation and *manufacturing*

During FY2024, LGP actively evolved its production operations to align with emerging product segmentation in the Australian and overseas cannabis markets.

In Denmark, LGP focused its activities on new product growth, capacity expansion, operational & quality optimisation, and genetics development, while in Australia LGP focused on optimising quality, growing its flower portfolio, and expanding its resin extraction capability.

The Company also introduced three new vaporisation products and a new oil product during the period.

Denmark

During the financial year, LGP Denmark:

- developed eight new finished flower products
- increased production in response to surging Australian demand for flower including LGP's new CherryCo brand
- continued its genetics development program, identifying over 20 prospective new strains from over 1,300 phenotypes generated from internal and external sources
- optimised procedures to improve flower size and product quality in response to market segmentation and began investigating AI-driven product analysis technologies
- prepared its operations to meet changing Eu. Ph. quality requirements for cannabis flower applicable from July 2024

Australia

During the year, LGP Australia:

- developed three new flower product offerings to be introduced post-year end
- improved quality of its existing Desert Flame product in line with market feedback
- expanded its resin production capacity by over 900%

7 Sales and *distribution*

During the financial year, LGP achieved $25.6 million in sales revenue, an increase of nearly 30% from the prior year, as flower products continued to drive Australian and European market demand.

This increase in sales revenue was achieved against a backdrop of healthy growth in the Australian flower market, with over 122 flower suppliers selling over 600 flower products into the market by year end – representing 45% and 62% increases respectively in the last 6-months of the year alone.

LGP also continues to be one of a very small number of Australian suppliers with a strong presence in both the Australian and European cannabis markets.

Australia

In Australia, LGP flower sales increased by 72%, vaporisation products sales grew strongly following their introduction in July 2023, and oil sales decreased by 17%.

In FY2024, LGP:

- launched its CherryCo brand, which currently includes the Little Buddies and Signature product ranges
- launched 16 new products, being 12 new flower products (including seven CherryCo flower products), three new vape products and one new oil product
- continued to expand its distributor base across Australia

Europe

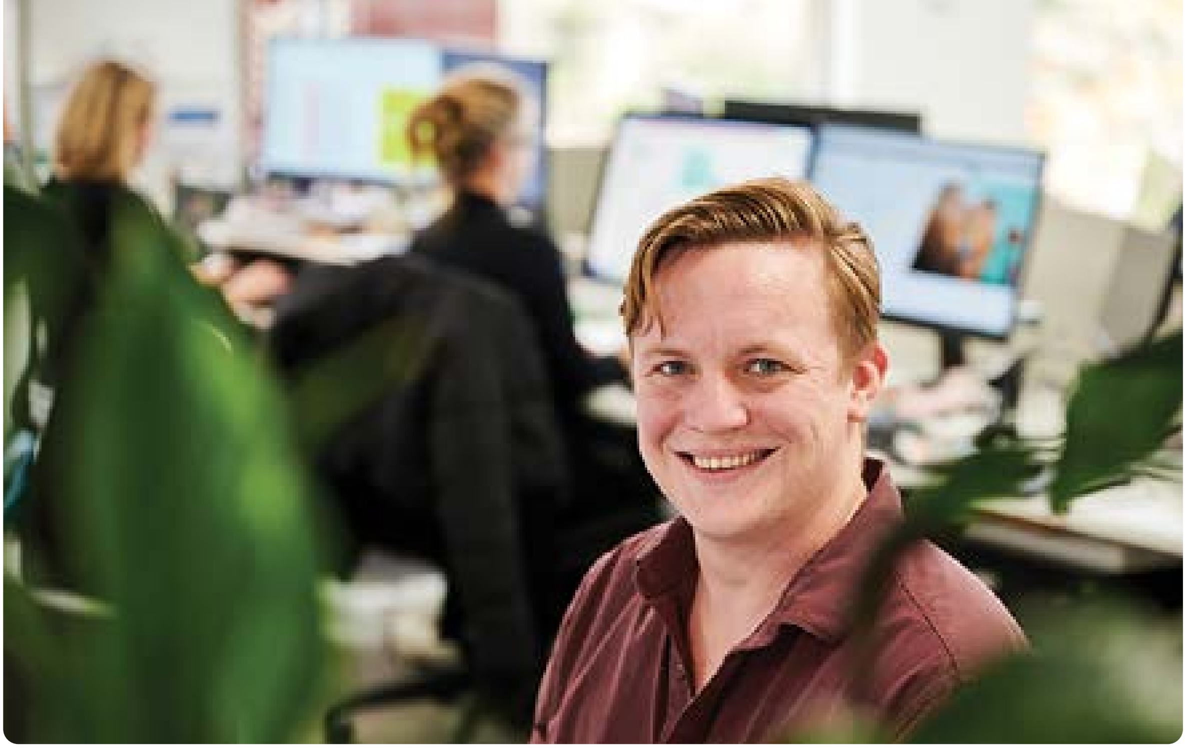
In Europe, LGP continued to grow sales with its first shipments into Poland and Switzerland and new customers in Germany, Italy and the UK.

During the financial year, LGP:

- following a two-year registration process, obtained a marketing authorisation and supplied its first shipment of Desert Flame product into the Polish market which was well received
- supplied its first customer in Switzerland and first private customer in Italy
- supplied two new UK customers and two new German customers

Encouraging patient demand for flower products in UK and Switzerland have also resulted in further orders from LGP distributors.

In Germany, the post-financial year announcement of partial cannabis legalisation has already generated anecdotal reports of significant growth in the medicinal cannabis clinic market, with LGP expecting demand to flow upstream to cannabis flower suppliers in the near term.



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Health practitioner engagement *and customer care*

During the financial year, LGP continued to provide a robust educational and engagement service for its network of independent and new cannabis prescribers, including:

- online training courses, webinars, virtual and face-to-face meetings including by independent medical practitioners
- practitioner support with TGA applications
- medical science liaison team support across both East and West coasts
- mentoring program for new medicinal cannabis prescribers
- online portals for patients and healthcare professionals to access a range of educational resources
- LGP's prescriber-led Compassionate Access Scheme Program under which patients receive discounted or free of charge medications

The Company also contributed to the Drive Change campaign and the DVA lobby group for the reimbursement of cannabis PTSD treatments for veterans and participated as an active member of the Emerging Therapeutics Association of Australia (ETAA).

Meanwhile, LGP's Customer Care Team has continued as the Australian medicinal cannabis 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 these achievements, LGP has been nominated for several Cannabiz Awards including Best Patient Focused Initiative, R&D Project of the Year, Best Education / Engagement Initiative, and Company of the Year.

9 Research and *innovation*

During FY2024, LGP continued to contribute to the global investigation of the treatment of chronic diseases with medicinal cannabis, including through its collaboration with the University of Sydney on the QUEST Initiative and its continuation of this study with Curtin University under the Global QUEST Initiative study.

Peer reviewed findings from the first 3-months of the original QUEST Initiative participant responses were published in 2023 in open access journal PLOS One https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0290549 with the 12-month findings currently progressing through review for publication in a peer reviewed scientific journal in the coming months.

In May 2023, Curtin University and LGP continued the QUEST Initiative's previous work by launching the Global QUEST Initiative longitudinal observational study. The Global QUEST Initiative study aims to assess the impact on quality of life as well as health economic impacts on patients with various chronic diseases prescribed medicinal cannabis. To date, the Global QUEST Initiative has recruited over 1000 patients and has collected over 6-months of data. The QUEST Global study is endorsed by MS Research Australia, Arthritis Australia, Chronic Pain Australia, Epilepsy Action Australia and HIF.

In addition to the QUEST studies and publications:

- LGP has also participated or contributed to two further publications in international journals including in conjunction with Curtin University's publication of the Pharmacohistory of Cannabis Use—A New Possibility in Future Drug Development for Gastrointestinal Diseases in the highly respected, peer-reviewed International Journal of Medical Science: https://doi.org/10.3390/ijms241914677
- LGP also entered into agreements to supply or provided products to 12 other clinical studies in Australia and Europe including:
  - the Care NSW Trial, comprising Mater Research trials Med Can 2 and Med Can 3 which study symptom management in patients with cancer and advanced cancer
  - the Med Can Drive study which is assessing the ability to detect THC levels from CBD dominant products in patient sample of saliva, blood and urine
  - the Southern Cross University double-blind, placebo-controlled trial assessing oral cannabis for fibromyalgia
  - the Queensland Children's Hospital multi-centre two-arm parallel trial for symptom management in children with advanced cancer
  - four double-blind, placebo-controlled clinical studies with various French institutions and hospitals that are still pending registration and propose to investigate the use of cannabis and CBD products for the treatment of joint pain following endocrine therapy in patients with early-stage breast cancer, the regulation of pathological behaviours in elderly patients with Alzheimers and dementia, the efficacy and tolerance of cannabidiol in patients with severe pruritus, and effect of different doses of cannabidiol (CBD) on the activation of autophagy and inflammation genes and functional consequences in virologically controlled HIV-infected patients

Research and *innovation continued*

Meanwhile, in France:

- LGP continued to be the single largest supplier of products to the French medicinal cannabis Pilot which ceased in March 2023, with LGP supplying >70% of all products during the financial year, and was appointed as only one of two suppliers into the 9-month post-Trial period which continues the treatment of existing Pilot patients for financial consideration
- The outcomes from the French Pilot directly resulted in the legalisation of medical cannabis in France, with the French Government creating a new 'ad hoc' medicinal cannabis supply authorisation pathway to take effect from January 2025
- LGP is presently preparing its applications for the first French supply authorisations for the supply of a broad range of products into the French market in January 2025. These supply authorisations are akin to marketing authorisations for registered pharmaceutical products and impose rigorous pharmaceutical and manufacturing standards well in excess of those required for the manufacture and supply of unapproved medicinal cannabis products in any other territory

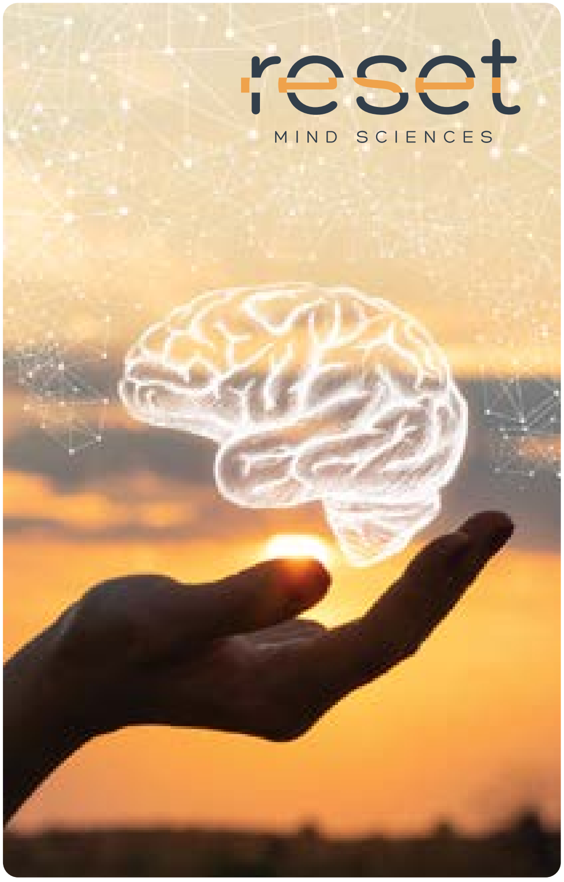
In Australia, the Company also progressed its novel drug obesity trial with Curtin University which examined the ability of selected phyto-and endo-cannabinoids to induce secretion of a powerful hormonal mediator known to induce satiety, slow down digestion, lower blood sugar and ultimately promote weight loss. Based on findings from the trial outcomes to date, which included positive outcomes on fatty liver conditions, the Company proposes to use the results of the trial for product formulation purposes.

10 Psychedelics

LGP's psychedelics business is operated by Reset Mind Sciences (**Reset**), a wholly owned subsidiary of the Company. Following the TGA's announcement in March 2023 of the down-scheduling of psilocybin and MDMA with effect from 1 July 2023, Reset leased a unique property in Perth that incorporates an office, clinic, and Good Manufacturing Practice (**GMP**) manufacturing facilities and completed the fit-out of its clinic which is now ready for operations.

In December 2023, the Reset-sponsored Western Australian psilocybin clinical trial was also formally launched at the clinical trial site at Harry Perkins Institute of Medical Research in Perth. Clinical trial recruitment is progressing well with 10 participants enrolled and two dosing sessions conducted during the financial year, giving Reset a significant first mover advantage given the limited number of trials currently underway in Australia.

In November 2023, LGP announced that it proposed to demerge Reset from the LGP Group by way of in-specie share issue and associated capital raise by way of Prospectus offer from Reset. In February 2024, Reset withdrew the offer following the UK AIM stock exchange's decision that as Psychedelic Assisted Psychotherapy (**PAP**) is not currently permitted in the United Kingdom, UK funds were not able invest in Reset and Reset was not capable of listing on a UK stock exchange. This withdrawal meant Reset remains part of the LGP Group.



11 Environmental, Social, Governance (**ESG**)
A World of Difference

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

At LGP, our core business of supplying cannabis medicines to patients with various medical conditions positions us as a leader in environmental, social, and governance (ESG) initiatives as our product and service offerings inherently ensure strong performance across three of the Six Dimensions of Impact: economic vitality, lifetime well-being, and societal enablement. Our Green Committee is dedicated to enhancing our performance in the remaining dimensions. This committee identifies and addresses any deficiencies, ensuring our continuous progress on the ESG compliance journey. These efforts are designed to cultivate distinctive competencies and generate value for both our shareholders and society at large. We believe our commitment to these dimensions will drive sustainable growth and create long term value for all stakeholders. The table below outlines the Six Dimensions of Impact, highlighting LGP's current performance and areas of focus:

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 (EU).
Environmental sustainability	Energy consumption and management	➔	LGP purchases 75% renewable power for its Danish operations and 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. LGP's Australian cultivation facility has optimised the timing of its growing lights to off-peak hours to further reduce energy consumption, and is also investigating solar capability to reduce reliance on grid power.
	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.

Impact dimension	Areas of focus	Status	Highlights
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.
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 complies with all enhanced TGA product labelling requirements.
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 and 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 59% women, with an age range of between 24 – 73 and an average age of 45.

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

(12) Directors' *report*

The Directors present this report for the year ended 31 March 2024.

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
Executive Director

Mr Angus Caithness
Executive Director

The Directors listed above held these positions throughout the financial year with the exception of Ms Fleta Solomon who resigned from her position as Managing Director on 29 August 2023 and was appointed as Executive Director on the same day. 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 36 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 program at the Madrid-based Professional College Talento Farmacéutico and is fluent in four languages.

Fleta Solomon

Executive Director

Fleta was a founder of Little Green Pharma and 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.

Other executives

Paul Long

Chief Executive Officer

In August 2023, the Company appointed Paul Long as its Chief Executive Officer. Paul joined the Company as Chief Operations Officer in 2018 where he played a pivotal role in building the company and achieving strong revenue growth, increasing from $2.2 million in 2020 to $19.9 million in 2023. He also led the company's expansion into international markets with LGP having delivered into or secured distribution partnerships in 11 countries across the UK and Europe. With extensive expertise in the global medicinal cannabis sector and capital markets, Paul is a forward-thinking leader who continues to drive success and innovation in the industry.

Alistair Warren

General Counsel & 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).

Board and Committee meetings

The Directors held eight Directors' meetings, four Audit & Risk Committee meetings and four 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	8	8	4	4	4	4
Dr Neale Fong	8	8	4	4	4	4
Ms Beatriz Vicén Banzo	8	8	4	4	-	-
Ms Fleta Solomon	8	8	-	-	4	4
Mr Angus Caithness	8	8	-	4*	-	4*

* Invited as guest

In addition, 89 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 production of medicinal cannabis medicines
- the supply of medicinal cannabis products into Australia and Europe
- the supply of medicinal cannabis products for observational and clinical studies and research and development of new medicinal cannabis products
- the development of a psychedelics business including sponsoring a clinical trial into the treatment of refractory depression with psilocybin assisted therapy, construction of a psilocybin mushroom cultivation facility, and establishment of a psychedelic treatment clinic.

In the Directors' view, there were no significant changes to the principal activities of the Company during the financial year.

Review of operations

The operational review contained in both the Strategy section at page 11 and the operational review sections at pages 13 to 17 forms part of this Directors' Report.

During the 2024 financial year the Company continued to consolidate and optimise its operations at its Danish and Australian facilities and develop its genetics portfolio. The Company also continues to expand production at its Danish facility in line with demand from its new CherryCo brand sales.

Key operational outcomes for the Company during the year included:

- the launch of 16 new products including 12 new flower products and three new vaporisation products
- the launch of the Company's new CherryCo brand
- the award of a supply contract for the 9-month French Pilot transition period
- sales in three new countries and with four new customers in Europe
- the supply of products into seven countries with contracts for supply or distribution in two more
- the consolidation of the Company's genetics pipeline with over 20 genetics in various stages of development
- the launch of the QUEST Global Initiative
- the appointment of Paul Long as Chief Executive Officer in August 2023
- the commencement of Reset's PAP clinical trial for the treatment of treatment resistant depression using psilocybin and construction of Reset PAP clinic
- the Company's nomination for various Cannabiz 2024 awards including Best Patient-Focused Initiative, R&D project of the year, Best Education or Engagement Initiative, and Company of the Year.

During the year the Company also ceased its proposed demerger of Reset Mind Sciences following UK regulatory determination that UK restrictions around investments in psychedelic assisted psychotherapy (**PAP**) operations meant UK funds cannot invest in Reset and Reset is not currently capable of listing on a UK stock exchange.

The Company also progressed its novel drug obesity trial with Curtin University and based findings from the trial outcomes, which included positive outcomes on fatty liver conditions, proposes to use the results of the trial for product formulation purposes.

Key financial outcomes for the Company during the year included:

- an increase in revenues to $25,631,830 up nearly 30% from FY2023
- a decrease in loss after tax of ($8,152,558), down from ($9,205,429) in FY2023
- achievement of a gross profit excluding fair value adjustments of $13,630,307, down from $13,841,873 in FY2023
- net tangible assets of $73.8m
- the sale of two properties adjacent to LGP's Australian facility and full repayment of Canopy loan for LGP's Danish Facility resulting in the reduction in long term debt from $7,636,057 to $3,496,025 with the Danish facility remaining debt-free
- cash in bank at 31 March 2024 of $4,973,504

The following key regulatory changes occurred in the periods immediately prior, during and immediately after the financial year:

- in March 2023, the rescheduling of psilocybin and MDMA from Schedule 9 to Schedule 8 under certain restricted conditions
- in 2023, the European Pharmacopeia (**Ph. Eur**) adopted a new EU-wide cannabidiol monograph with effect from 1 July 2024
- in 2023, the Ph. Eur. adopted a new EU-wide cannabis flower monograph to take effect from 1 July 2024. The new cannabis flower monograph includes strict heavy metals limits and increases permitted moisture levels from 10% to 12%
- in April 2024, the legalisation of cannabis under limited conditions in Germany including for personal use and cultivated in cannabis clubs and the removal of cannabis from the Narcotics List
- in April 2024, the recommendation from the Drug Enforcement Administration (DEA) that cannabis be re-scheduled from a Schedule I to a Schedule III drug

The partial legalisation of cannabis in Germany and the proposed re-scheduling of cannabis in the US represent the most significant developments in global cannabis regulation since the full legalisation of cannabis in Canada in 2018.

Material risks

The material risks affecting the Company are:

Key risk	Summary	Status and controls
Increased market competition	Risk of competition from low-cost imports, lower cost, non-GMP compounded cannabis medications, or registered products for key indications, resulting in pricing pressure, reduced gross profts and challenges achieving or maintaining profitability.	LGP has strong market and brand position and with economies of scale Company has show it can compete with low-cost jurisdictions. Company also has access to cost-efficient offshore procurement options and monetizes lower-grade flower and offcuts through lower-priced product offerings.
War or international conflict	Risk that war or conflicts in Europe or Middle East result in higher EU electricity costs, transportation dislocation, or input inflation due to higher energy costs.	Company has various transportation solutions and contractual protections against rising input or production costs. Company has taken steps to minimise power use and has moved production in line with committed contracted capacity and lean inventory to avoid overspending on consumables.
Key supplier failure	Risk that key LGP suppliers cease or refuse to supply key production inputs or services which cannot be easily replaced, resulting in supply dislocation and lower sales.	Company has long term contracts for supply of key inputs and services with a range of reputable suppliers as well as exclusive supply arrangements for key territories.
Inability to raise capital	Risk that LGP cannot raise capital at acceptable price for operational or growth purposes including due to market conditions or company valuation, and is unable to fund growth due to capital constraints including due to poor cash receipts or low cash reserves.	Current market conditions for capital raising are relatively weak risking challenges in raising sufficient capital to spur further growth however Company has robust asset base for use in sales or financing activities if required. Company maintains regular communication with supporting brokers to ensure that LGP is well supported.
Poor production planning	Risk that ineffective systemisation or poor production management and planning results in production delays, stock-outs, high-cost products, or reduced product quality.	LGP has spent substantial time integrating and systemising its inventory and production planning across its facilities and forging close connections between sales and operational units to ensure accurate market information and supply forecasts. Company continues to upgrade its systemisation and planning processes and procedures.
Material business interruption	Risk that natural or man-made disasters or shortages of critical inputs significantly interruption cultivation or supply operations or result in the loss of genetic or product lines.	Company maintains various manufacturing options to cover temporary shortages or outages and insures facilities for recovery and business interruption costs. Company effectively manages cultivation and manufacturing facilities to minimise pestilence, mould and contamination risk including through multiple segregated rooms to avoid contamination and has back-up generators at both production sites.
Loss of key operational licences	Risk that LGP fails to comply with key licence terms or breaches pharmaceutical or narcotic laws in relevant territories.	Company has dedicated quality and regulatory teams to oversee and manage compliance risk in relevant territories.
New risk – key personnel retention	Reliance on key personnel and failure to recruit or plan for succession of key directors and executive/senior staff or loss of intellectual property due to key staff departures.	History of good retention of key staff and appropriate notice periods for key senior personnel and equity participation, while increased size of LGP group means know-how spread across greater teams. Company has company succession planning and Remuneration & Nomination Committee annual review.
Dislocation from rapid business growth	Risk that Company grows too rapidly including due to acquisitions or entry into new businesses or projects which results in systems failures, loss of employees or degradation of Company culture.	Company undertaking full systemisation review and integration project to ensure any acquisitions or new businesses are adequately incorporated into LGP Group, with LGP's IT and HR teams overseeing software upgrades and employee integration into LGP Group.
Cyber attack	Risk that LGP suffers significant cyber attack including due to phishing or hacking activities which results in LGP being ransomed or losing crucial commercial data or private information, resulting in reputational or financial damage.	LGP's IT team together with specialist third party providers oversee LGP's cyber-defence strategy and provides routine training to LGP staff and systems upgrades. Company is undertaking comprehensive privacy and private information review in line with evolving Australian laws with LGP Denmark already complying with EU GPDR requirements.

Material risks (continued)

Of the above, the increased market competition and inability to raise capital risks warrant additional consideration. Global cannabis markets are currently distinguished by their highly competitive and global nature, which has facilitated robust market offerings from a range of suppliers and, inevitably, downward price pressure. Meanwhile, Australian cannabis capital markets remain weak, with local investors taking a wait-and-see approach while offshore investors focus on stock growth in the recently down-regulated US and German markets. LGP accepts that high competition will likely remain a feature of many global cannabis markets, however believes its brand, product and pricing offerings enable it to compete successfully and well with its peers. Increasingly, LGP is also focusing on highly regulated markets with higher barriers to entry such as Poland and France, where LGP's pharmaceutical experience sets it apart from many local importers and GACP suppliers.

Corporate governance update

The Company fully complies with the ASX Corporate Governance Principles and recommendations – 4th Edition. A copy of the Company's Corporate Governance Statement and accompanying Appendix 4G will be issued to ASX on the same day as the announcement of this Annual Report.

Impact of conflicts

The LGP Group and its production and logistics operations have not been materially affected by the war in the Ukraine or conflicts in the Middle East. The war in the Ukraine continues to influence power prices in Europe however these have decreased by more than 50% from the end of FY2023.

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 to meet part of its power requirements at both of its production facilities during the year and while the Company does not anticipate material regulatory changes in the short term the Company continues to investigate 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 and its district heating operations are also adopting renewable power sources in line with the national strategy to achieve power independency through 100% supply from renewable sources. The Company's sites both operate within high-rainfall areas which limits the potential for future water rationing, with the Company's West Australian facility already recycling around 75% of its total water usage and both the Australian and Danish facilities using purified rainwater recovered from their facilities in their production cycle. Both of the Company's facilities also undertake sustainable waste management programs including recycling various waste products, including organic waste, ethanol and growing mediums.

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

The secured loan of $1,857,432 with National Australia Bank which was due for repayment by 31 December 2024 had its due date extended to 31 July 2025. Refer to note 14 for further details.

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

Likely future developments

Likely developments in the operations of the Company, and the expected results of those operations in future financial years have not been included in this report as these are likely to result in unreasonable prejudice to the Company.

Dividends

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

Remuneration report

The Remuneration Report detailed on pages 30 of this Annual Report forms part of this Directors' 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:

- On 24 April 2023, 658,330 fully paid ordinary shares were issued to directors in lieu of director fees accrued from FY2023. The issue of the securities was approved by shareholders at the Company's AGM held on 30 August 2022.
- 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. Following the vesting milestone on 1 April 2024, fully paid ordinary shares were issued to the executive KMPs on 24 April 2024.
- On 27 September 2023, Executive Director, Ms Fleta Solomon was issued 277,777 placement shares subscribed for at an issue price of $0.18 per share. The issue of the placement shares was approved by shareholders at the Company's AGM held on 29 August 2023 and subscribed for on the same terms and conditions as other investors

Auditor's Independence Declaration

The Auditor's Independence Declaration set out on page 42 of this Annual Report forms part of this Directors' Report.

Directors' securities

The Directors' interests in securities as at 31 March 2024 are set out in the Remuneration Report. The table below identifies securities held by the Directors as at 30 May 2024:

Name	Shares	Options	Performance rights	Share rights
Mr Michael D Lynch-Bell	1,758,450	250,000	-	210,000
Dr Neale Fong	1,550,729	125,000	-	105,000
Ms Beatriz Vicén Banzo	50,000	-	-	220,000
Ms Fleta Solomon	21,873,216	250,000	4,000,000	-
Mr Angus Caithness	11,481,441	250,000	4,000,000	-

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:

Dr Michael D Lynch-Bell
Independent Non-Executive Chair

13 Remuneration *report*

The Remuneration Report sets out the Company's remuneration strategy for the financial year ended 31 March 2024 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.

In accordance with best practice corporate governance, the structures of non-executive Director and executive Director remuneration are different, with the non-executive KMP remuneration focused on director retention and governance, and the executive KMP remuneration focused increasingly on economic profit and sustained growth in shareholder wealth.

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 three 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 with rewards aligned with market growth expectations and 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 2025 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 2024. 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;
- three members of the executive team, being Mr Paul Long (Chief Executive Officer), Ms Fleta Solomon (Executive Director) 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 2024, 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 2024 consisted of fixed remuneration, an STI Plan, and an LTI Plan. In addition, the Mr Paul Long and Ms Fleta Solomon 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 – Paul Long

The structure of the Chief Executive Officer's remuneration is in accordance with his employment agreement dated 17 October 2019 as revised in August 2023 to reflect his increased salary as Chief Executive Officer. Mr Paul Long 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 Paul Long or the Company can terminate the agreement by giving 6-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 Paul Long is found guilty of any conduct which results in damage to the reputation or the business of the Company.

Executive Director – Fleta Solomon

The structure of Ms Fleta Solomon's remuneration is in accordance with her employment agreement dated 1 December 2019 as revised in August 2023 to reflect her decreased salary as Executive Director. 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 6-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 – Angus Caithness

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 6-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 2023 to 28 August 2023 was $270,000 plus statutory superannuation, subject to the superannuation cap amount, and from 29 August 2023 to 31 March 2024 was $305,000 plus statutory superannuation, subject to the superannuation cap amount
- Executive Director (Ms Fleta Solomon) for the period 1 April 2023 to 28 August 2023, was $305,000 plus statutory superannuation, subject to the superannuation cap amount, and from 29 August 2023 to 31 March 2024, was $270,000 plus statutory superannuation, subject to the superannuation cap amount. During the period 29 August 2023 to 31 March 2024 the Executive Director's hours of work reduced to 0.6 FTE with the base salary payments pro-rated accordingly during the same period;
- Executive Director (Mr Angus Caithness) for the period 1 April 2023 and 31 March 2024 was $270,000 plus statutory superannuation, subject to the superannuation cap amount.

In a prior period, the Company provided the COO and now CEO a loan of $300,000 to exercise 1,000,000 options at an exercise price of $0.30. The loan has a fixed interest rate of 4.25% and is secured by his 1,000,000 shares in the Company.

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 2024 financial year, the STI Plan set predominantly financial metrics, being revenue, cash flow from operations, total free cash flow (opex and capex), and personal performance metrics each with an allocation of 25% of total award. The performance goals were divided into threshold, target and maximum goals, with executives entitled to 20% of their base salary for achievement of the threshold goals, 40% of their base salary for achievement of the target goals and up to 60% of their base salary for achievement of the maximum goals across all metrics.

According to the Board's assessment, the Executive's achievements against the above metrics rated an STIP award of 30% of base salary.

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 2024:

- Chief Executive Officer (Paul Long): $86,896;
- Executive Director (Fleta Solomon): $58,410; and
- Executive Director (Angus Caithness): $81,000.

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 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*
				Ms Fleta Solomon	Mr Angus Caithness	
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.

Financial Year 2024 LTI Plan

On 27 September 2023, following shareholder approval the KMP executives were issued the following Executive Retention Rights under the LTI Plan:

Class	Vesting Condition	Vesting Date	Expiry Date	Number of Executive Retention Rights			Fair value of securities*
				Mr Paul Long	Ms Fleta Solomon	Mr Angus Caithness	
A	Retention Hurdle: Continuous employment with Company until the Vesting Date	1 April 2026 unless Extended	1 April 2028	1,000,000	1,000,000	1,000,000	Mr Paul Long $0.18 Ms Fleta Solomon & Mr Angus Caithness $0.17
			Total	**1,000,000**	**1,000,000**	**1,000,000**	

For Executive Directors, the value the Company attributed to each Executive Retention Right was $0.17, being the Company's last closing Share price as at the date of the notice of meeting on 29 August 2023. For the Chief Executive Officer, the value the Company attributed to each Executive Retention Right was $0.18, being the Company's last closing share price on the date of common understanding.

The Vesting Date for a Retention Hurdle may be extended if a relevant Vesting Condition is not met during a relevant performance year (**Extended**). The Vesting Condition may not be met for a Retention Hurdle in circumstances where an KMP has been absent from work for an extended period of time during a particular performance year or has not worked full time in the role and has not otherwise accrued any employee related entitlements.

The Board will have absolute discretion to determine the number of Executive Retention Rights that vest. In making its determination, the Board may have regard to a range of factors, including the KMP's continued employment with the Company, the full or part-time status of their employment, and any extended absences where a KMP has not attended work to perform the day-to-day duties associated with their role or otherwise accrued employee related entitlements in satisfaction of the Retention Hurdle.

Each Executive Retention Rights will automatically convert into one fully paid ordinary share in the Company on the 14th day after a Vesting Notice has been provided. Upon a Change in Control Event (as defined in the Plan) any unvested Executive Retention Rights will automatically vest. An Executive Retention Right is not transferable except with prior written approval by the Company and subject to Corporations Act and Listing Rules, and does not entitle the holder to vote or to any dividends. The Executive Retention Rights were issued for nil cash consideration.

The rationale for the issue of the Executive Retention Rights is to reward and incentivise Mr Paul Long, Ms Fleta Solomon and Mr Angus Caithness for their continued service to the Company in accordance with the terms of their negotiated remuneration packages, as well as to retain highly experienced and qualified key management personnel in a competitive market.

Executive KMP remuneration review

In October 2023, the Company engaged Cebano Consultants (Pty) Ltd an independent remuneration consultant to map executive KMP roles to market based on Mercer market salary data (consultancy fees ZAR165,950: AU$13,630), with the consultant determining the CEO midpoint base salary should be $612,000 compared to his current base salary of $305,000 and the Executive Directors' midpoint base salary should be $502,000 compared to their current base salary of $270,000.

The Company's Remuneration & Nomination Committee has resolved to review the Executive remuneration as the Company moves towards a more sustained operating cash flow positive position.

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 each $61,200 plus superannuation. Presently no additional fees are paid to Non-Executive Directors for being a member of any Board committees.

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. These shares in lieu were issued in April and July 2023.

On 27 September 2023, following shareholder approval Mr Michael D Lynch-Bell received 140,000 retention rights and Dr Neale Fong and Ms Beatriz Vicén Banzo received 70,000 retention rights each with a value of $0.17 per retention right and vesting on 20 February 2026. The retention rights 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.

Remuneration paid

31 March 2024

The amounts disclosed below are not the same as the remuneration expensed in relation to each KMP in accordance with the accounting standards (31 March 2024: $2,792,868, on page 39). The directors believe that the remuneration received is more relevant to users for the following reasons:

- the statutory remuneration is based on historic cost and does not reflect the value of the equity instruments when they are actually received by the KMPs.
- the statutory remuneration shows benefits before they are actually received by the KMPs.
- share based payment awards are treated differently under the accounting standards depending on whether the performance conditions are market conditions (no reversal of expense) or non-market conditions (reversal of expense where shares fail to vest), even though the benefit received by the KMP is the same (nil where equity instruments fail to vest).

The information in this section has been audited together with the rest of the remuneration report.

Name	Fixed remuneration[1] (Cash)	Short term incentive (Cash)	Share based payments (Issued)	Prior period shares in lieu of salary[2] (Issued)	Total
Ms Beatriz Vicén Banzo	72,549	-	-	-	72,549
Mr Michael D Lynch-Bell	135,405	-	-	51,800	187,205
Dr Neale Fong	67,856	-	-	25,960	93,816
Ms Fleta Solomon	216,152	75,300	6,120	-	297,572
Mr Angus Caithness	296,830	-	5,440	40,885	343,155
Mr Paul Long[3]	202,203	40,500	-	-	242,703
	990,995	**115,800**	**11,560**	**118,645**	**1,237,000**

1. Salaries and fees in 31 March 2024 includes post employment benefits.
2. Shares issued in the current financial year in relation the salary sacrificied in the prior financial year whereby Mr Michael Lynch-Bell and Dr Neale Fong sacrified 40% of their salary for the period July 2022 through to March 2023, and Mr Angus Caithness sacrificed 40% for the period July 2022 to September 2022, and thereafter 20% for the period October 2022 to March 2023.

3. The remuneration paid for Mr Paul Long is from date of appointment as CEO, 29 August 2023 to 31 March 2024.

KMP statutory and share based reporting

	F. Solomon		A. Caithness		M. Lynch-Bell		N. Fong		B. Vicéz		P. Long
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Salary and fees	194,700	251,039	270,000	220,475	135,405	66,679	61,200	30,434	72,549	44,700	185,808
Shares rights in lieu of salary	-	-	-	57,375	-	67,808	-	33,982	-	-	-
Movement in entitlements[1]	(119)	15,713	22,746	17,545	-	-	-	-	-	-	1,992
Other non cash benefits[2]	4,200	4,200	-	-	-	-	-	-	-	15,000	2,450
Post employment benefits	21,452	24,506	26,830	19,616	-	-	6,656	3,120	-	-	16,395
Short term incentive - cash	58,410	75,300	81,000	81,000	-	-	-	-	-	-	51,185
Long term incentive - shares with milestone achieved[3]	19,470	78,946	27,000	75,446	-	-	-	-	-	-	17,062
Long term incentive - shares with milestone outstanding[4]	505,021	262,327	505,021	260,545	-	-	-	-	-	-	297,478
Long term incentive - retention shares	53,429	-	53,429	-	34,118	56,278	17,059	28,139	17,600	11,250	33,323
Expense for year	856,563	712,031	986,026	732,002	169,523	190,765	84,915	95,675	90,149	70,950	605,693
Performance related	68%	59%	62%	57%	N/A	N/A	N/A	N/A	N/A	N/A	60%
Director interest in shares	21,837,216	21,559,439	11,449,441	11,437,571	1,688,450	1,669,991	1,515,729	1,506,478	50,000	50,000	2,894,191

1. Movement in entitlements includes movements in annual leave and long service leave provisions.
2. Other non cash benefits represent car parking paid for by the company. Other non-cash benefits represent car parking paid for by the company and sign-on shares for Ms Beatriz Vicén Banzo when she joined the Company as a non-executive director in July 2022.
3. Performance rights for which hurdles have been met, but service condition outstanding.
4. 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, Mr Angus Caithness and Mr Paul Long with share price hurdles of $0.95, $1.10 and $1.25 and a two year service condition from the date of hurdle achievement. 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 $0.70 and a two year service condition from the date of hurdle achievement.
5. The remuneration paid for Mr Paul Long is from date of appointment as CEO, 29 August 2023 to 31 March 2024. The Directors interest in shares is reflected as at 31 March 2024.

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
Mr Michael D Lynch-Bell	-	-	-	-	-	-
Dr Neale Fong	-	-	-	-	-	-
Ms Beatriz Vicén Banzo	-	-	-	-	-	-
Mr Paul Long	3,000,000	1,000,000	-	-	4,000,000	
Ms Fleta Solomon	3,000,000	1,000,000	-	-	4,000,000	-
Mr Angus Caithness	3,000,000	1,000,000	-	-	4,000,000	-

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
Mr Michael D Lynch-Bell	140,000	140,000	-	-	210,000	70,000
Dr Neale Fong	70,000	70,000	-	-	105,000	35,000
Ms Beatriz Vicén Banzo	150,000	70,000	-	-	220,000	-
Mr Paul Long	86,500	-	54,500	-	-	32,000
Ms Fleta Solomon	72,000	-	36,000	-	-	36,000
Mr Angus Caithness	64,000	-	32,000	-	-	32,000

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	Issued on conversion of share rights	Shares in lieu of salary*	Subscription shares**	Balance at the end of the year
Mr Michael D Lynch-Bell	1,383,743	-	-	304,707	-	1,688,450
Dr Neale Fong	1,363,025	-	-	152,704	-	1,515,729
Ms Beatriz Vicén Banzo	50,000	-	-	-	-	50,000
Mr Paul Long	2,839,691	-	54,500	-	-	2,894,191
Ms Fleta Solomon	21,523,439	-	36,000	-	277,777	21,837,216
Mr Angus Caithness	11,176,942	-	32,000	240,499	-	11,449,441

*Shares in lieu of salary for period July 2022 to March 2023 as approved by shareholders at Annual General Meeting dated 29 August 2022.

**Shares issued on 27 September 2023 subscribed for as part of a Placement by the Company and approved by shareholders at Annual General Meeting on 29 August 2023. These shares were not issued as part of KMP remuneration.

Loan to key management personnel

In a prior period, the Company provided the Chief Operations Officer and now CEO a loan of $300,000 to exercise 1,000,000 options at an exercise price of $0.30. The loan has a fixed interest rate of 4.25% and is secured by his 1,000,000 shares in the Company.

Voting of shareholders at last year's annual general meeting

The Company received 98.5% 'yes' votes on its remuneration report for the 2023 financial year. The Company did not receive any specific feedback at the annual general meeting or throughout the year on its remuneration practices.

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Independent Auditor's *report*

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DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF LITTLE GREEN PHARMA LTD

As lead auditor of Little Green Pharma Ltd for the year ended 31 March 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Little Green Pharma Ltd and the entities it controlled during the period.

Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth

30 May 2024

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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 2024, 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 material accounting policy information 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 2024 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.

Material uncertainty related to going concern

We draw attention to Note 1 c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of non-current assets

Key audit matter	***How the matter was addressed in our audit***
The Group has recognised intangible assets, property, plant and equipment and right of use assets as disclosed in Notes 10, 11 and 12 of the financial report. Accounting standards require an assessment of indicators of impairment annually, or more frequently if indicators of impairment exist, for each cash generating unit (CGU). Determining the existence of indicators of impairment for a CGU is complex and subjective as the assessment involves the use of forward-looking estimates, which are inherently difficult to determine with precision. There is also a level of judgement applied by the Group in determining the key inputs into these forward-looking estimates. Accordingly, this was considered to be a key audit matter. Note 10 of the financial report discloses the accounting policy for assessment of impairment and the significant judgements and estimates made.	Our audit procedures included, but were not limited to the following: • Assessing the appropriateness of the Group's identification of CGUs and management's allocation of assets to the carrying value of CGUs based on our understanding of the Group's business and internal reporting; • Evaluating management's ability to accurately forecast cash flows by assessing the precision of the current year actuals against forecasted outcomes; • Evaluating management's assessment of indicators of impairment for each CGU, which included considering the performance of the assets, external market conditions and operating expenditure; and • Assessing the adequacy of the related disclosures in Note 10 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	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;

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. Note 8 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.	• 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 Note 8 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 2024, 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.

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 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 33 to 41 of the directors' report for the year ended 31 March 2024.

In our opinion, the Remuneration Report of Little Green Pharma Ltd, for the year ended 31 March 2024, 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

A Woodley

Ashleigh Woodley

Director

Perth, 30 May 2024

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Financial *report*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Note	31 March 2024	31 March 2023
Revenue	2	**25,631,830**	19,859,123
Cost of goods sold		**(12,001,523)**	(6,017,250)
Gross profit before fair value adjustment		**13,630,307**	13,841,873
Fair value adjustment of inventory sold		**(3,734,139)**	(2,179,129)
Gain on fair value of biological assets	8	**3,222,201**	2,139,169
Gross profit		**13,118,369**	13,801,913
Expenses			
Distribution costs		**(5,065,413)**	(3,712,165)
General and administrative		**(4,010,648)**	(4,661,519)
Sales and marketing		**(3,892,954)**	(3,511,524)
Education		**(1,168,104)**	(768,367)
Licences, permits and compliance costs		**(1,115,741)**	(1,386,967)
Insurance		**(709,608)**	(633,222)
Research and development		**(6,319,887)**	(6,594,837)
Commissioning cost		**-**	(4,844,327)
		(22,282,355)	(26,112,928)
Loss from operations		**(9,163,986)**	(12,311,015)
Interest income		**171,057**	48,918
Finance expense	5	**(635,469)**	(928,839)
Research and development incentive	7	**1,479,855**	5,129,030
Government grants		**6,333**	63,880
Loss on disposal		**(16,909)**	-
Net foreign exchange		**6,561**	(558,625)
Loss before tax		**(8,152,558)**	(8,556,651)
Tax expense	6	**-**	-
Loss after tax from continuing operations		**(8,152,558)**	(8,556,651)
Loss for the year from discontinued operations		**-**	(648,778)
Loss after tax		**(8,152,558)**	(9,205,429)
Other comprehensive income			
Exchange fluctuations on translation of foreign operations		**873,245**	4,515,026
Total comprehensive loss net of tax		**(7,279,313)**	(4,690,403)
Basic and diluted net loss per share (cents)			
From continuing operations		**(2.72)**	(3.42)
From continuing and discontinued operations		**(2.72)**	(3.68)
Basic and diluted weighted average number of shares outstanding		**299,574,657**	249,835,340

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Note	31 March 2024	31 March 2023
Assets			
Current assets			
Cash and cash equivalents		**4,973,504**	12,400,319
Trade and other receivables	7	**3,403,920**	7,381,795
Biological assets	8	**1,585,847**	1,492,199
Inventory	9	**10,929,710**	8,909,108
Prepaid expenses		**580,648**	423,254
Assets held for sale		-	539,152
Total current assets		**21,473,629**	31,145,827
Property plant and equipment	10	**59,497,328**	63,280,305
Intangible assets	11	**3,462,388**	3,638,639
Right-of-use assets	12	**1,497,922**	125,527
Refundable deposits		**315,529**	386,185
Other financial assets		**43,284**	43,284
Total non-current assets		**64,816,451**	67,473,940
Total assets		**86,290,080**	98,619,767
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13	**2,830,403**	3,355,075
External borrowings	14	**2,359,271**	2,351,603
Employee benefit obligations	15	**964,058**	1,069,046
Lease liability	12	**271,167**	95,315
Deferred payment	14	-	4,109,512
Liabilities associated with assets held for sale		-	57,971
Total current liabilities		**6,424,899**	11,038,522
External borrowings	14	**1,136,752**	5,284,454
Lease liability	12	**1,374,071**	27,100
Employee benefit obligations	15	**97,582**	41,385
Total non-current liabilities		**2,608,405**	5,352,939
Total liabilities		**9,033,304**	16,391,461
Net assets		**77,256,776**	82,228,306
Shareholders' equity			
Share capital	16	**101,931,740**	101,183,206
Reserves		**7,562,282**	5,129,788
Accumulated deficit		**(32,237,246)**	(24,084,688)
Total shareholders' equity		**77,256,776**	82,228,306

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Share capital		Share based payment reserve	Translation reserve	Accumulated deficit	Total
	No. Shares	$				
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 loss	-	-	-	4,515,026	(9,205,429)	(4,690,403)
Share placements	53,265,278	9,259,759	-	-	-	9,259,759
Share based payments	-	-	1,017,650	-	-	1,017,650
Transfer on exercise	3,700,000	1,364,269	(1,364,269)	-	-	-
Employee share plan	654,000	278,864	596,251	-	-	875,115
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
Loss after tax	-	-	-	-	(8,152,558)	(8,152,558)
Translation reserve	-	-	-	873,245	-	873,245
Total comprehensive loss	-	-	-	873,245	(8,152,558)	(7,279,313)
Share placements	277,777	50,000	-	-	-	50,000
Share based payments	-	-	2,008,382	-	-	2,008,382
Transfer on exercise	475,500	349,928	(349,928)	-	-	-
Employee share plan	-	-	63,595	-	-	63,595
Shares in lieu of services	1,428,912	343,606	(162,800)	-	-	180,806
Options exercised	20,000	5,000	-	-	-	5,000
As at 31 March 2024	**300,093,236**	**101,931,740**	**4,440,559**	**3,121,723**	**(32,237,246)**	**77,256,776**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2024

	31 March 2024	31 March 2023
Operating activities		
Net loss before tax	**(8,152,558)**	(9,205,429)
Items not involving cash		
Net fair value movements of biological assets	**511,938**	39,960
Depreciation and amortisation	**3,078,879**	2,984,494
Share-based payments	**2,252,783**	2,326,981
Finance expense	**635,469**	928,839
Foreign exchange differences	**20,009**	176,016
Loss on disposal of property, plant and equipment	**16,909**	-
Changes in non-cash operating working capital		
Inventory and biological assets	**(2,280,798)**	(2,255,852)
Accounts receivable	**4,593,796**	(1,897,102)
Prepaid expenses	**(157,394)**	137,839
Accounts payable and accrued liabilities	**(403,451)**	(134,503)
Employee benefits obligations	**(48,791)**	(41,413)
Net cash flows provided by / (used in) operating activities	**66,791**	(6,940,170)
Investing activities		
Purchase of property, plant and equipment	**(716,360)**	(1,816,997)
Purchase of intangible assets	**(727,708)**	(3,111,651)
Payment of deferred consideration	**(4,168,712)**	(9,102,404)
Refund of deposits	**70,656**	-
Disposal of property, plant and equipment	**2,737,989**	-
Net cash flows used in investing activities	**(2,804,135)**	(14,031,052)
Financing activities		
Proceeds from issue of equity	**50,000**	10,113,750
Proceeds from options exercised	**5,000**	-
Costs associated with the issue of shares	**-**	(837,741)
Cash inflow from borrowings	**-**	5,812,488
Repayment of borrowings	**(4,683,260)**	(1,971,484)
Repayment of principal portion of lease liabilities	**(92,299)**	(83,429)
Net cash flows provided by / (used in) financing activities	**(4,720,559)**	13,033,584
Net change in cash and cash equivalents	**(7,457,903)**	(7,937,638)
Cash and cash equivalents, beginning of year	**12,400,319**	20,086,504
Effect of changes in foreign exchange	**31,088**	251,453
Cash and cash equivalents, end of year	**4,973,504**	12,400,319

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2024

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.

The financial statements were authorised for issue by the directors on 30 May 2024. The directors have the power to amend and reissue the financial statements.

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.

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 2024, the Group had incurred a loss after tax of $8,152,558 (31 March 2023: $8,556,651) and achieved net operating cash inflows of $66,791 (net operating cash outflow 31 March 2023: $6,940,170).

The Group has prepared a cash flow forecast which demonstrates the Group will have sufficient cash flows to meet all commitments and working capital requirements to continue its ongoing operations however it is dependent on the Group achieving a combination of the following:

- Continued sales growth through increased patients, market share in Australia and international markets; and
- Managing costs and production in line with the cash flow forecast.

These conditions indicate that a material uncertainty exists which may cast significant doubt on the entity's ability to continue as a going concern, and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at amounts stated in the financial report.

The Directors believe the Group will continue as a going concern as they are confident the operational improvements mentioned above will be achieved and have obtained an extension of the external borrowing facility until July 2025, refer Note 26.

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 2024	31 March 2023
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 2023. 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 31 March 2024 reporting periods 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. MEDICINAL CANNABIS SALES

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

	31 March 2024	31 March 2023
Type of revenue		
Flower products	**15,761,723**	9,187,253
Oil products	**8,651,358**	10,380,605
Vaporiser products	**666,053**	-
Other	**552,696**	291,265
Total revenue	**25,631,830**	19,859,123
Geographical markets		
Australia	**22,474,825**	15,946,187
Europe	**3,157,005**	3,912,936
Total revenue	**25,631,830**	19,859,123

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.

3. PAYROLL COSTS

The Group's payroll expense are comprised of:

	31 March 2024	31 March 2023
Salaries and wages	**9,664,824**	11,191,332
Short term incentives	**113,255**	157,897
Post employment benefits	**842,238**	796,026
Share based payments	**2,098,413**	2,184,974
	12,718,730	14,330,229

4. DEPRECIATION AND AMORTISATION

The Group's depreciation and amortisation expense are comprised of:

	31 March 2024	31 March 2023
Depreciation	**2,816,288**	2,380,249
Amortisation	**262,591**	147,698
	3,078,879	2,527,947

Depreciation and amortisation method

Property, plant and equipment is depreciated on a straight line basis over the lessor of the assets estimated useful life or its lease term as per below:

- 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
- 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

The Company's pharmaceutical quality system represents the policies, procedures and standards required to comply with Good Manufacturing Practices (**GMP**).

Significant accounting estimate: estimation of useful lives of assets

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date. Changes can occur due to things such as technical innovations, obsolescence or abandonment of non-strategic assets.

5. FINANCE EXPENSE

The Group's finance expenses is comprised of:

	31 March 2024	31 March 2023
Interest on secured external borrowings	**543,226**	472,327
Interest on deferred payment	**59,200**	448,979
Interest on obligations under leases	**33,043**	7,533
	635,469	928,839

6. INCOME TAX NOTE

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

	31 March 2024	31 March 2023
Loss before income taxes from continuing operations	**(8,152,558)**	(8,556,651)
Loss before income taxes from discontinuing operations	**-**	(648,778)
Statutory tax rate	**25%**	25%
	(2,038,140)	(2,301,357)
Add/(deduct)		
• Share based payments	**511,980**	543,765
• Research and development incentive	**936,180**	960,833
• Fines and penalties	**-**	93,240
• Entertainment	**8,396**	-
• Foreign losses not recognised	**230,122**	1,658,244
• Movement in Australia deferred tax not recognised/(recognised)	**351,462**	(954,725)
Income tax (benefit)/expense	**-**	-

Total tax losses in Australia for which no deferred tax assets has been recognised is $5,101,800 (31 March 2023: $1,843,729). 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.

Significant accounting judgement: recoverability of carry forward tax losses

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.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31 March 2024	31 March 2023
Deferred tax asset/(liability)		
• Biological assets	**(968,534)**	(1,347,309)
• Prepayments	**(594,091)**	(70,562)
• Property, plant and equipment	**(595,530)**	(231,699)
• Net lease liability	**36,829**	(778)
• Accounts payable and accrued liabilities	**158,998**	244,014
• Unrealised Foreign Exchange loss	**(9,533)**	(12,062)
• 40-880 tax balance	**211,195**	374,227
• Employee entitlements	**158,874**	170,947
• Development costs	**-**	(389,244)
Net deferred tax asset/(liabilities)	**(1,601,692)**	(1,262,466)
Benefit of tax losses not recognised	**1,601,692**	1,262,446
Net deferred tax asset/(liability) recognised	**-**	-

7. TRADE AND OTHER RECEIVABLES

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

	31 March 2024	31 March 2023
Trade receivables	**2,631,458**	1,549,849
Other receivables	**772,462**	713,771
Research and development incentive receivable	-	5,129,030
Allowance for expected credit loss	-	(10,855)
	3,403,920	7,381,795

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.

Significant accounting judgement: 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.

8. BIOLOGICAL ASSETS

The Group's biological assets are comprised of:

	31 March 2024	31 March 2023
Opening balance	**1,492,199**	1,076,173
Costs incurred	**6,267,201**	4,666,107
Transfer to inventory	**(9,395,753)**	(6,389,250)
Gain on changes in fair value	**3,222,200**	2,139,169
	1,585,847	1,492,199

Significant accounting judgement and estimate: fair value of biological assets

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; and
- 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.

In the current period, the biological assets were approximately 54% complete (31 March 2023 - 49%) as to the next expected harvest date. The average number of days from the point of propagation to harvest is 93 days. The weighted average grams of dry cannabis expected to be harvested from a cannabis plant is 157 grams (31 March 2023- 157 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 $344,573 at 31 March 2024 (31 March 2023 - $298,440). 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 $430,716 at 31 March 2024 (31 March 2023 - $375,050). At harvest, the estimated average fair value of a gram of cannabis is $2.86 (31 March 2023 - $3.50).

9. INVENTORY

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 classified as work in progress consists of harvested or purchased cannabis intended to be processed into oil or sold as flower. The cost of inventory is determined using the average cost basis.

The Group's inventory is comprised of:

	31 March 2024	31 March 2023
Finished goods	**2,659,834**	1,315,961
Work in progress	**7,957,170**	7,268,471
Supplies and consumables	**312,706**	324,676
	10,929,710	8,909,108

Cost of inventories sold to customers amounting to $12,001,523 was recognised as an expense during the year (31 March 2023: $6,017,250).

10. PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment comprised of:

	Land & buildings	Leasehold improvements	Production equipment	Office equipment	Assets under construction	Total
Cost						
As at 31 March 2022	55,029,348	32,760	12,715,213	1,105,843	319,782	69,202,946
Additions	3,055,665	-	584,766	12,309	175,263	3,828,003
Transfers	(38,208)	-	(116,539)	(12,829)	(327,866)	(495,442)
Assets moved to held for sale	-	-	(23,267)	-	(175,263)	(198,530)
Foreign exchange movements	4,035,227	-	1,044,892	87,127	8,084	5,175,330
As at 31 March 2023[1]	62,082,032	32,760	14,205,065	1,192,450	-	77,512,307
Additions	79,340	262,031	52,594	53,336	269,059	716,360
Disposals	(2,754,898)	-	-	-	-	(2,754,898)
Assets moved from held for sale	-	-	23,267	-	175,263	198,530
Foreign exchange movements	778,011	-	202,091	16,630	597	997,329
As at 31 March 2024	**60,184,485**	**294,791**	**14,483,017**	**1,262,416**	**444,919**	**76,669,628**
Accumulated depreciation						
As at 31 March 2022	(5,770,126)	(11,215)	(4,220,750)	(828,833)	-	(10,830,924)
Depreciation	(1,608,671)	(6,559)	(686,968)	(13,382)	-	(2,315,580)
Transfers	-	-	1,416	-	-	1,416
Foreign exchange movements	(595,821)	-	(416,158)	(74,935)	-	(1,086,914)
As at 31 March 2023[1]	(7,974,618)	(17,774)	(5,322,460)	(917,150)	-	(14,232,002)
Depreciation	(1,727,272)	(29,039)	(719,934)	(130,359)	-	(2,606,604)
Assets move from held for sale	-	-	(4,768)	-	-	(4,768)
Foreign exchange movements	(194,962)	-	(117,336)	(16,628)	-	(328,926)
As at 31 March 2024	**(9,896,852)**	**(46,813)**	**(6,164,498)**	**(1,064,137)**	**-**	**(17,172,300)**
Carrying value						
As at 31 March 2023[1]	54,107,414	14,986	8,882,605	275,300	-	63,280,305
As at 31 March 2024	**50,287,633**	**247,978**	**8,318,519**	**198,279**	**444,919**	**59,497,328**

(1) The asset allocations have been presented in a format more relevant to the users of the financial statements and the comparative information has been restated to correspond to the current year presentation.

In the prior period, the Company expected to demerge Reset Mind Sciences Ltd from the Group. This transaction did not eventuate and as such Reset Mind Sciences Ltd is no longer classified as a disposal group held for sale.

Significant accounting judgement and estimate: estimation of recoverable amount of the asset

The Group assesses impairment of property, plant and equipment 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 whereby management is required to make significant judgements concerning the identification of impairment indicators, such as changes in the expectations of growth, share price performance and other factors that may indicate impairment. Where an indication of impairment exists, a formal estimate of the recoverable amount is made at the reporting period. No impairment indicators were identified by management during or as at the reporting period.

In addition, internal valuation models continue to provide sufficient headroom. The following key assumptions were used in the value-in-use models:

- Revenue growth rates: these are based on a Board approved budget for the year-ending 31 March 2025 and management estimates for 2026, reflecting strong growth as the Group ramps up sales
- Pre-tax discount rate: 13.8%
- Long-term growth rate: 2.5%
- Sensitivity analysis showed that if revenue targets are not achieved by more than 12%, and there is no change in operating costs, the recoverable value, as determined by the value-in-use models could be below the asset carrying values.

11. INTANGIBLE ASSETS

The Group's intangible assets comprised of:

	Patents & trademarks	Computer software	Pharmaceutical quality system	Product development costs	Total
Cost					
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
Additions	52,374	4,072	-	671,262	727,708
R&D offset	-	-	-	(641,368)	(641,368)
As at 31 March 2024	**174,163**	**222,447**	**548,946**	**3,106,644**	**4,052,200**
Accumulated amortisation					
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)
Amortisation	(7,217)	(37,042)	(54,770)	(163,562)	(262,591)
As at 31 March 2024	**(40,194)**	**(146,292)**	**(186,149)**	**(217,177)**	**(589,812)**
Carrying value					
As at 31 March 2023	88,812	109,125	417,567	3,023,135	3,638,639
As at 31 March 2024	**133,969**	**76,155**	**362,797**	**2,889,467**	**3,462,388**

Significant accounting judgement: capitalisation of new product development costs

The capitalisation of product development projects are based on management's judgement that technological and economic feasibility have been confirmed, this usually occurs when a 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.

12. RIGHT-OF-USE ASSETS & LEASE LIABILITIES

The movement associated with the Group's right-of-use assets is as follows:

	Right of use assets
As at 31 March 2022	190,196
Depreciation	(64,669)
As at 31 March 2023	125,527
Additions	1,582,079
Depreciation	(209,684)
As at 31 March 2024	**1,497,922**

The Group's lease liabilities are comprised of:

	31 March 2024	31 March 2023
Current lease liability	**271,167**	95,315
Non-current lease liability	**1,374,071**	27,100
	1,645,238	122,415

Included in the lease liability is an office and facility lease for a term of five years expiring 30 June 2028, with an option to extend for a further five years.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	31 March 2024	31 March 2023
Trade and other payables	**1,652,946**	1,847,676
Accrued liabilities	**877,664**	1,473,569
Goods and services tax payable	**299,793**	33,830
	2,830,403	3,355,075

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

14. EXTERNAL BORROWINGS

The Group's external borrowings are comprised of:

	31 March 2024	31 March 2023
Secured borrowings		
Current liabilities	**2,340,396**	2,351,603
Non-current liabilities	**983,778**	5,122,063
	3,324,174	7,473,666
Unsecured borrowings		
Current liabilities	**18,875**	-
Non-current liabilities	**152,974**	162,391
	171,849	162,391

The Group has the following secured borrowings from National Australia Bank:

- A loan of $1,857,432 (31 March 2023: $3,770,000) which was taken out on 24 February 2022 with $1,925,500 being repaid on 3 July 2023. At the reporting date, the loan was due for repayment by 31 December 2024 however post year end this has been extended to 31 July 2025. The loan has a variable interest rate and is secured by the land and buildings held by LGP Holdings Pty Ltd which has a carrying value of $3,430,215 (31 March 2023: $6,179,452). The current effective interest rate is 7.28%.
- A revolving credit facility of $2,000,000 (31 March 2023: $2,000,000) which is secured by a chattel mortgage over the underlying equipment held by LGP. The loan carries a fixed interest rate at 7.68% and has an amortised cost of $1,466,742.

The Group has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 reporting period.

During the year, the Group obtained an unsecured electricity loan from the Danish authorities. The loan has an effective interest rate of 4.4%, repayable over the life of the loan ending 31 October 2028, with a current amortised cost of $171,848.

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, the remaining balance owing of $4,109,512 was repaid on 3 April 2023 with a balance of $nil owing as at 31 March 2024.

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.

Liabilities from borrowing reconciliation

	31 March 2024	31 March 2023
Opening liabilities from financing activities	**7,636,057**	3,783,719
Financing cash flows	**(4,683,260)**	(2,432,472)
New financing	-	5,812,483
Finance expense	**543,226**	472,327
Closing liabilities from financing activities	**3,496,023**	7,636,057

15. EMPLOYEE BENEFIT OBLIGATIONS

The Group's employee benefit obligation is comprised of:

	31 March 2024	31 March 2023
Current liabilities		
Annual leave	**631,331**	680,787
Employee benefits	**332,727**	388,259
Non-current liabilities		
Long service leave	**97,582**	41,385
	1,061,640	1,110,431

16. SHARE CAPITAL

As at 31 March 2024 a total of 300,093,236 ordinary shares had been issued (31 March 2023 - 297,891,049).

During the year 20,000 options with an exercise price of $0.25 per option were exercised and 277,777 shares were issued at $0.18 per share as part of a placement .

Non cash financing activities during the year included the issuing of 576,382 ordinary shares in lieu of cash for services at a weighted average price of $0.27 per share totalling $154,365, and the issuing of 852,528 ordinary shares to employees at a weighted average price of $0.22 per share totalling $189,242. The conversion of employee incentive scheme rights resulted in the issuance of 475,500 ordinary shares to employees at a weighted average issue price of $0.74 per share.

17. SHARE BASED PAYMENTS

Significant accounting judgement and estimate: the fair value of the share based compensation expense

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.

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 31 March 2022	**4,073,536**	0.45
Granted	-	-
Forfeited	**(4,073,536)**	0.45
Exercised	-	-
Balance as at 31 March 2023	-	-
Granted	-	-
Forfeited	-	-
Exercised	-	-
Balance as at 31 March 2024	-	-

17. SHARE BASED PAYMENTS CONTINUED

Performance rights

	Number of rights	Weighted average exercise price
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
Granted	**-**	-
Forfeited	**-**	-
Exercised	**-**	-
Balance as at 31 March 2024	**10,500,000**	0.41

Retention rights

	Number of rights	Weighted average exercise price
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
Granted	**6,780,000**	0.17
Forfeited	**-**	-
Exercised	**-**	-
Balance as at 31 March 2024	**7,140,000**	0.18

During the current year, the Company issued 2,000,000 retention rights to Executive Directors and 280,000 retention rights to Non-executive Directors with vesting occurring in 2026. The retention rights issued to Executive Directors have a nil exercise price and a weighted average fair value of $0.17, based on the share price on grant date. The retention rights vest on 31 March 2026 and 20 February 2026 for the Executive Directors and the Non-Executive Directors respectively, assuming the recipient remains employed by LGP. A probability has been factored in based on this assumption. The Executive Director and Non-Executive Director retention rights were approved at the Annual General meeting.

A further 4,500,000 retention rights were issued to the employees. The employee retention rights have a nil exercise price and a weighted average fair value of $0.17, based on the share price on grant date. Of these retention rights, 2,500,000 retention rights vests in three tranches on 31 March 2024, 31 March 2025 and 31 March 2026 assuming the recipient remains employed by LGP. The remaining 2,000,000 retention rights vest on 31 March 2026 assuming the recipient remains employed by LGP and upon achievement of other non-market performance hurdles. A probability has been factored in based on this assumption.

18. FINANCIAL INSTRUMENTS

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

	31 March 2024		31 March 2023	
	Fair value	**Carrying value**	Fair value	Carrying value
Financial assets				
Amortised Cost				
Cash and cash equivalents	**4,973,504**	**4,973,504**	12,400,319	12,400,319
Trade and other receivables	**3,403,920**	**3,403,920**	7,381,795	7,381,795
Refundable deposits	**315,529**	**315,529**	386,185	386,185
FVPTL				
Other financial assets	**43,284**	**43,284**	43,284	43,284

Financial liabilities				
Amortised Cost				
Accounts payable and accrued liabilities	**2,830,403**	**2,830,403**	3,355,075	3,355,075
External borrowings	**3,496,023**	**3,496,023**	7,636,057	7,636,057
Lease liability	**1,645,238**	**1,645,238**	122,415	122,415
Deferred payment	-	-	4,109,512	4,109,512

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.

19. 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. 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 2024	31 March 2023
Financial Assets - EUR		
Cash and cash equivalents	**697,381**	1,136,458
Financial Liabilities - CAD		
Deferred payment	-	4,109,512

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 $1,857,432 secured loan, with a variable rate, maturing 31 December 2024 (extended post year-end to 31 July 2025 as per note 26). 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 $1,857,432 loan would be a decrease/increase of $18,574.

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 $1,466,742.

19. FINANCIAL RISK MANAGEMENT

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 2024 (31 March 2023: nil). An expected credit losses has been recognised of nil (31 March 2023: $10,855).

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 $4,973,504 (31 March 2023: $12,400,319) 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.

Refer to note 14 for full details of financing facilities available to the Group.

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 2024				
Accounts payable and accrued liabilities	2,830,403	-	2,830,403	2,830,403
Lease liability	271,167	1,991,028	2,262,195	1,645,238
External borrowings	2,359,274	1,440,885	3,800,159	3,496,023
Deferred payment	-	-	-	-
Total non-derivatives	**5,460,844**	**3,431,913**	**8,892,757**	**7,971,664**
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

20. 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 programs and market conditions.

21. 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 European customers.

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

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

	Australia	Europe	Intersegment eliminations	Total
Consolidated 31 March 2024				
Revenue	25,149,910	11,722,149	(11,240,229)	25,631,830
Loss after tax	(7,232,071)	(823,757)	(142,062)	(8,197,890)
Assets				
Current assets	14,645,130	6,783,514	-	21,428,644
Non-current assets	19,443,873	45,372,578	-	64,816,451
Total assets	**34,089,003**	**52,156,092**	-	86,245,095
Liabilities				
Current liabilities	5,498,052	926,847	-	6,424,899
Non-current liabilities	2,455,431	152,974	-	2,608,405
Total liabilities	**7,953,483**	**1,079,821**	-	9,033,304
Consolidated 31 March 2023				
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	25,364,877	5,780,950	-	31,145,827
Non-current assets	18,895,514	48,578,426	-	67,473,940
Total assets	44,260,391	54,359,376	-	98,619,767
Liabilities				
Current liabilities	5,131,180	5,907,342	-	11,038,522
Non-current liabilities	5,352,939	-	-	5,352,939
Total liabilities	10,484,119	5,907,342	-	16,391,461

22. PARENT ENTITY

	31 March 2024	31 March 2023
Total current assets	**16,291,953**	24,444,334
Total non-current assets	**66,656,389**	68,229,276
Total assets	**82,948,342**	92,673,610
Total current liabilities	**2,239,150**	5,094,879
Total non-current liabilities	**3,452,416**	5,352,939
Total liabilities	**5,691,566**	10,447,818
Share capital	**101,931,740**	101,183,206
Reserves	**4,349,108**	2,866,223
Accumulated deficit	**(29,024,072)**	(21,823,637)
Total shareholder's equity	**77,256,776**	82,225,792
Total comprehensive loss net of tax	**(7,200,435)**	(4,677,830)

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.

23. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel of the Group:

	31 March 2024	31 March 2023
Salaries and fees[1]	**950,931**	824,950
Short term incentive - cash	**190,595**	156,300
Post employment benefits	**71,333**	47,242
Share based payments	**1,580,009**	772,932
	2,792,868	1,801,423

The key management personnel disclosure for the financial year ended 31 March 2023 is made up of five directors. The key management personnel disclosure for the financial year ended 31 March 2024 is made up of five directors, as well as the newly appointed CEO. The remuneration for the CEO is from the date of appointment as CEO, 29 August 2023 to 31 March 2024.

(1) Salaries and fees 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.

(b) Loan to key management personnel

In a prior period, the Company provided the COO and now CEO a loan of $300,000 to exercise 1,000,000 options at an exercise price of $0.30. The loan has a fixed interest rate of 4.25% and is secured by his 1,000,000 shares in the Company.

24. AUDITORS' REMUNERATION

The auditor of the Group for the current year was BDO Audit (WA) Pty Ltd

	31 March 2024	31 March 2023
Amounts received or due and receivable by BDO and related network firms for:		
Audit or review of financial reports		
• Group	**129,259**	129,805
• Subsidiaries	**33,158**	43,335
Total remuneration for audit and review of financial reports	**162,417**	173,140

25. 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.

26. EVENTS AFTER THE REPORTING DATE

The secured loan of $1,857,432 with National Australia Bank which was due for repayment by 31 December 2024 had its due date extended to 31 July 2025. Refer to note 14 for further details.

No other matters or circumstances have arisen since the end of the financial period 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 2024 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

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LGP milestones *timeline*

2016

LGP established

2018

OCTOBER
Canada legalises cannabis

2019

JULY
First to locally produce medicinal cannabis

SEPTEMBER
First to export medical cannabis samples from Australia

2020

FEBRUARY
Lists on ASX

MARCH
Commissions expanded cultivation facility

APRIL
First commercial export of medicinal cannabis from Australia

OCTOBER
Granted GMP licence

NOVEMBER
First export to Germany

1.


2.


3.


4.


5.


6.


1. FEBRUARY 2020: Lists on ASX
2. MARCH 2020: Commissions expanded cultivation facility
3. FEBRUARY 2021: Launch of The QUEST Initiative
4. JUNE 2021: Acquires large-scale Denmark facility
5. NOVEMBER 2022: Winner National Export Awards
6. MAY 2023: Reset commences first legal cultivation of local psilocybin

2021

JANUARY
- Award of French tender

FEBRUARY
- Launch of The QUEST Initiative

MARCH
- Purchase of South-West facility

JUNE
- Acquires large-scale Denmark facility

JULY
- Hancock Prospecting becomes substantial investor
- Thorney becomes substantial investor

SEPTEMBER
- First Scheule 9 psychedelics licence in Australia
- Import of first Denmark facility product

NOVEMBER
- Registration of Danish medicinal cannabis product

2022

FEBRUARY
- Awarded Italian Tender

APRIL
- Launched Danish genetic development bank
- Signed major German distribution agreement

MAY
- Largest supplier to French trial

NOVEMBER
- Winner National Export Awards
- Flower range significantly expanded

2023

FEBRUARY
- TGA down-schedules MDMA and psilocybin
- Psilocybin trial ethics approval received

MARCH
- Reset HIF strategic alliance

MAY
- Extended French pilot award
- Reset commences first legal cultivation of local psilocybin

JUNE
- Winner Cannabiz Awards for R&D Project of the Year & Best Patient Focused Initiative

AUGUST
- Launch of QUEST Global
- Grant of Polish Marketing Authorisation

DECEMBER
- Launch of second major medicinal cannabis brand CherryCo
- France integrates cannabis into healthcare system

2024

MARCH
- Company acheives operating cash flow break-even

APRIL
- German legalisation

APRIL
- US rescheduling

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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 6 May 2024.

ORDINARY SHARE CAPITAL

301,760,606 fully paid ordinary shares are held by 11,723 individual shareholders.
All issued ordinary shares carry one vote per share and carry the rights to dividends.

TOP 20 SHAREHOLDERS (CONSOLIDATED) AS AT 6 MAY 2024

NAME	UNITS	% UNITS
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	32,309,383	10.71
UBS NOMINEES PTY LTD	32,256,846	10.69
MS FLETA JENNIFER SOLOMON	21,873,216	7.25
BARBRIGHT AUSTRALIA PTY LTD <INTERQUARTZ SUPER A/C>	14,420,420	4.78
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	7,334,936	2.43
MR ANGUS CAITHNESS	5,751,441	1.91
BANQUO CONSULTING PTY LTD	5,413,333	1.79
FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	4,217,543	1.40
CG NOMINEES (AUSTRALIA) PTY LTD	4,147,061	1.37
BENONI PTY LTD <THE MKJ SUPER FUND A/C>	4,082,127	1.35
CITICORP NOMINEES PTY LIMITED	2,906,193	0.96
MR PAUL FREDERICK LONG <THE LONG A/C>	2,426,191	0.80
MS JENNY LORRAINE MCKAY <J & K MCKAY FAMILY A/C>	2,229,746	0.74
MR DAMIEN MATTHEW BOOTH <DAMIEN BOOTH FAMILY A/C>	1,858,639	0.62
MR MICHAEL DAVID LYNCH-BELL	1,758,450	0.58
JASFORCE PTY LTD	1,705,556	0.57
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	1,557,072	0.52
MR SEAN EDWARD REID + MS LOUISE JANE PILKINGTON	1,552,600	0.51
JENSEN JARRAH PTY LTD	1,369,231	0.45
MS RHIANNA LOUISE BELCHAM	1,250,000	0.41
TOTAL	**149,269,984**	**49.47**

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

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1 - 1,000	2,298	1,685,369	0.56
1,001 - 5,000	5,113	13,071,707	4.33
5,001 - 10,000	1,810	13,695,504	4.54
10,001 - 100,000	2,266	64,602,000	21.41
100,001 and over	236	208,706,026	69.16
TOTAL	**11,723**	**301,760,606**	**100.00**

There are 6,528 holdings less than a marketable parcel.

SUBSTANTIAL SHAREHOLDERS AS AT 6 MAY 2024

NAME	UNITS	% UNITS
THORNEY INVESTMENTS	33,312,402	11.04
HANCOCK PROSPECTING	26,739,029	8.86
MS FLETA JENNIFER SOLOMON	21,873,216	7.25

OPTION HOLDINGS

25,462,500 options are held by 206 individual option holders.

The Company has the following classes of options on issue as at 6 May 2024 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	25,462,500
			25,462,500

OPTIONS RANGE	UNLISTED OPTIONS	
	NO. OF HOLDERS	NO. OF OPTIONS
1 – 1,000	-	-
1,001 – 5,000	1	2,500
5,001 – 10,000	1	7,500
10,001 – 100,000	152	4,364,356
100,001 and over	52	21,088,144
	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 states that it has not used the cash and assets in a form readily convertible to cash that 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 2024	1,000,000

SHARE RIGHTS AND PERFORMANCE RIGHTS

As at 6 May 2024 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)	1,500,000	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)	1,500,000	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)	1,500,000	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)	2,000,000	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)	2,000,000	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)	2,000,000	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 (Executives Retention)	2,000,000	31 March 2028	Continued employment until date of vesting	Rights vest on 31 March 2026
Share Rights (Executive Director Retention)	2,000,000	31 March 2028	Continued employment until date of vesting	Rights vest on 31 March 2026
Share Rights (Employee Retention)	201,600	15 April 2025	Continued employment until date of vesting	Rights vest on 1 April 2025
Share Rights (Employee)	650,000	1 July 2025	Continued employment until date of vesting	Rights vest on 1 April 2025
Share Rights (Employee)	810,000	1 July 2026	Continued employment until date of vesting	Rights vest on 1 April 2026
Share Rights (Employee)	820,000	1 July 2026	Continued employment until date of vesting	Rights vest on 1 April 2026
Share Rights (Non-Executive Director Retention) – Tranche 1	105,000	20 February 2026	Continued employment until date of vesting	Rights vested 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	280,000	20 February 2028	Continued employment until date of vesting	Rights vest on 20 February 2026

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