LITTLE GREEN PHARMA

ABN 44 615 586 215

Appendix 4E

For the year ended 31 March 2023

A world of *difference*

Corporate Directory

Directors

Mr. Michael David Lynch-Bell,
Independent Non-Executive Chair

Dr. Neale Fong,
Independent Non-Executive Director

Ms. Beatriz Vicén Banzo,
Independent Non-Executive Director

Ms. Fleta Solomon,
Chief Executive Officer

Mr. Angus Caithness,
Executive Director

Company Secretary

Mr. Alistair Warren

Registered Office

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

Telephone: +61 8 6280 0050

Facsimile: +61 8 6323 4697

Email: cosec@lgp.global

Website

www.littlegreenpharma.com

Auditor

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, Western Australia 6000
PO Box 700 West Perth, Western Australia 6872

Share Registry

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

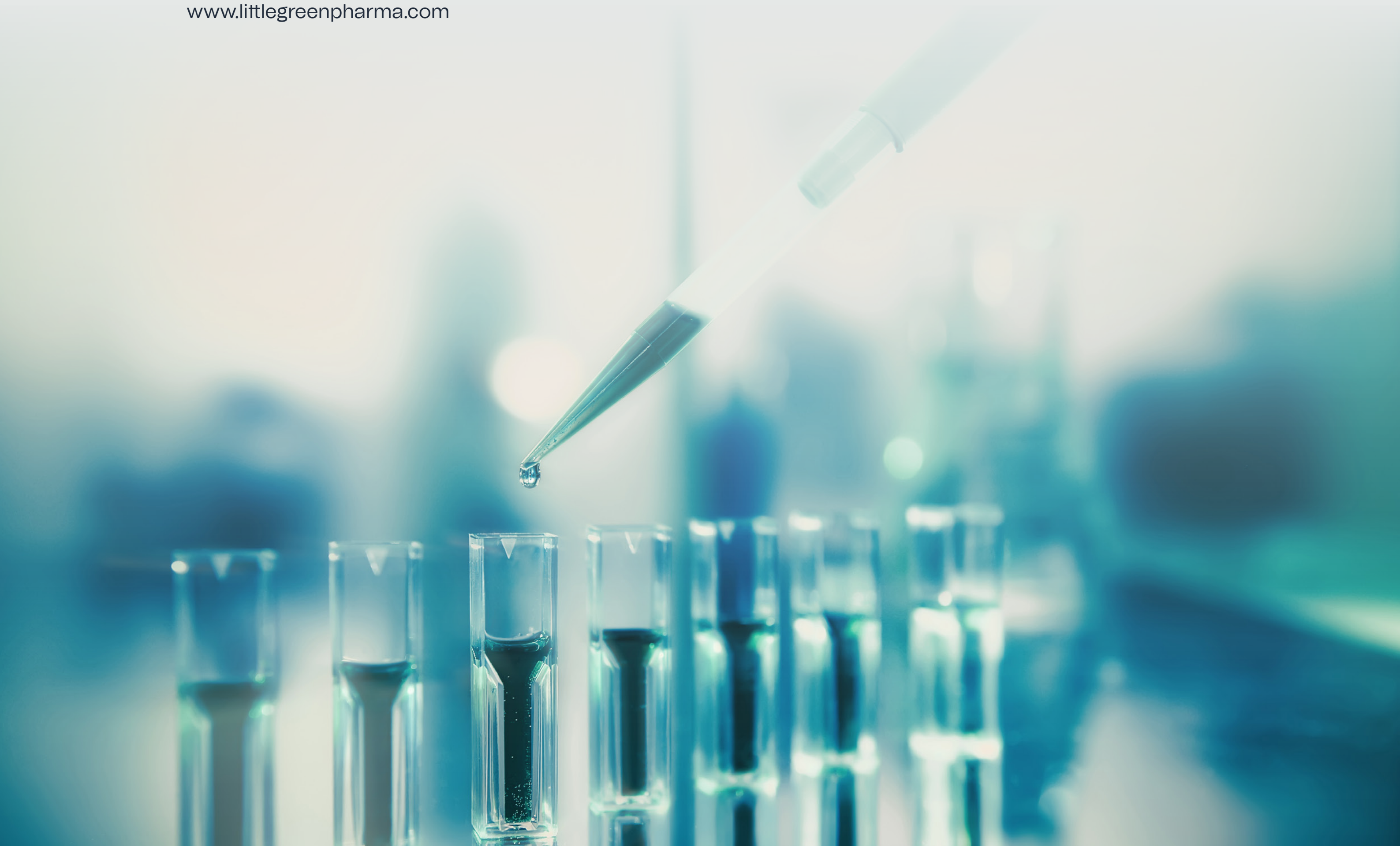
Website: www.investorcentre.com/contact

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



LITTLE GREEN PHARMA LTD
APPENDIX 4E

Results for announcement to the market	31 March 2023

Name of Company	Little Green Pharma Ltd
ABN	44 615 586 215
Reporting year	31 March 2023
Previous reporting period	31 March 2022

Unaudited Financial Report for the year ended 31 March 2023

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

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

Revenue from ordinary activities	Up	$9,329,176	89%	to	$19,859,123
Loss before and after tax from continuing operations	Down	$9,495,109	N/A	to	$(8,556,651)

Revenue from ordinary activities is up by $9,329,176 from $10,529,947 for the 9 month period ending 31 March 2022 to $19,859,123 for the year ending 31 March 2023. 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 $6,594,837 in research and development expenditure, commissioning costs of $4,844,327, a research and development tax incentive accrual of $5,129,030, share based payments of $2,326,981, a foreign exchange loss of $558,625, depreciation and amortisation of $2,984,494 and a gain on changes in the fair value of biological assets of $2,139,169.

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

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

Net tangible asset backing	Reporting period	Previous period
Net tangible assets per ordinary security	$0.264	$0.311

Accounting standards used by foreign entities
All subsidiaries use International Financial Reporting Standards.

Independent auditor's report
The Financial Report is in the process of being audited however the Company expects an unmodified audit opinion.

Review of operations

Operational performance

During the financial year, LGP:

- generated $19.9 million in revenue, up 89% from $10.5 million in the previous period
- reduced its loss after tax by $9.1 million, from $18.3 million to $9.2 million
- improved its gross margin excluding fair value adjustments from 40% to 51%
- LGP finished its financial year with $12.4 million cash in bank with the Company paying the $4.1 million balance of its Canopy loan (see below) in early April 2023.

Costs

Consistent with its focus on achieving cashflow break-even, the Company improved its gross margin and continued to reduce its other costs, including its overhead costs which were reduced by nearly 10% from $24.7 million to $22.4 million, in a financial year 3 months longer than the previous reporting period.

Capital

The Company raised $10.1 million during the year from two placements and a share purchase plan. This enabled the Company to repay Canopy $9.1 million of its loan balance during the year, with the remaining $4.1 million being repaid post year end, leaving the asset available for future financing if required. After corner-stoning the second placement in March 2023, Thorney Investment Group also became the largest shareholder in the Company with a total shareholding of 11.2%.

Sales

During the year, the Company increased its cannabis sales by 90% compared to its previous 9 month reporting period, with flower sales increasing by over 160% and oil sales by over 50%. Sales in Australia increased nearly 85%, from $8.5 million to $15.7 million, while sales into Europe increased by over 115%, from $1.8 million to $3.9 million.

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

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

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

Reset psychedelics business

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

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

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

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

Research and innovation

Obesity trial

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

French trial

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

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

QUEST

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

Schedule 3 CBD product

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

TGA infringement notices

In September 2022, the Company received a number of infringement notices from the TGA in relation to certain text and images on its LGP website and social media channels. These infringement notices were for each for the lowest available fines for corporations (being $13,320), reflecting the relatively low-level nature of the offences, and totalled $372,960. The Company was surprised and disappointed at receiving the fines however undertook a comprehensive review of its regulatory review processes to ensure strict compliance with TGA and other regulatory requirements going forward. In January 2023, following a robust exchange of appeal submissions with the TGA, and considering the uncertainty of appeal prospects given the threshold for conduct constituting advertising in the pharmaceutical space (which are similar to the prohibitions against advertisements for smoking), the Company agreed to accept the fines in accordance with a payment plan payable through to July 2023.

This statement was approved by the Board of Directors.

Alistair Warren
Company Secretary

Consolidated Statement of Profit and Loss and Other Comprehensive Income *Unaudited*

For the year ended 31 March 2023

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

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

Consolidated Statement of Financial Position
Unaudited
As at 31 March 2023

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

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

Consolidated Statement of Changes in Equity

Unaudited

For the year ended 31 March 2023

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

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

Consolidated Statement of Cashflows
Unaudited
For the year ended 31 March 2023

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

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

Notes to the Financial Statements
Unaudited

For the year ended 31 March 2023

1. NATURE OF OPERATIONS AND BASIS OF PREPARATION

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

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

a) Statement of compliance

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

b) Basis of measurement

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

c) Going concern

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

At 31 March 2023, the Group had $12,400,319 in cash and cash equivalents and a net working capital surplus of $20,107,305. The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows. The cash flow forecast is dependent on the Group achieving forecast targets for revenue, costs of production and overheads as well as receiving its Research & Development rebates which have been classified as receivables as well as, demerging Reset Mind Sciences in the near term. Key to achieving forecast cash flows is the Group's ability to achieve assumptions for growth rates in patients, market share in Australia and international markets and gross margin. Whilst the Group was only moderately impacted by COVID 19 on initial onset of the virus, there remains uncertainty with regard to future impacts from it as well as the war in Ukraine.

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

The consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

d) Basis of consolidation

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

The Company has the following subsidiaries:

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

e) Functional and presentation currency

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

f) New and revised Australian Accounting Standards

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

g) New standards and interpretations not yet adopted

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

2. ACCOUNTING POLICIES

a) Cash and cash equivalents

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

b) Biological assets

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

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

c) Inventory

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

d) Property, plant and equipment

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

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

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

Residual values and estimated useful lives are reviewed annually.

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

e) Financial instruments

i. Financial assets

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

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

ii. Amortised cost

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

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

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

iv. Financial liabilities

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

f) External borrowings

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

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

g) Intangible Assets

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

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

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

Residual values and estimated useful lives are reviewed annually.

h) Foreign currency translation

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

i) Revenue recognition and gross margin

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

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

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

j) Research and development

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

k) Employee benefits

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

l) Share-based payments

i. Equity settled transactions

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

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

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

Where the terms of an equity settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification. When an equity award is cancelled, it is treated as if it vests on the date of the cancellation and any expense not recognised for the award is recognised immediately.

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

m) Value added taxes

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

n) Income taxes

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

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

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

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

o) Research and development incentives

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

p) Government Grants

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

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

q) Profit / (Loss) per share

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

r) Leases

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

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

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

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

s) Impairment of long-lived assets

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

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

t) Segment reporting

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

u) Business combinations

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

v) Non-current asset held for sale

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

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

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

3) Significant accounting judgments and estimates

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

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

i. Biological assets and inventory

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

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

ii. Share based compensation

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

iii. Deferred income taxes

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

iv. Research and development incentive

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

v. Development costs

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

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

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

4. MEDICINAL CANNABIS SALES

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

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

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

5. PAYROLL COSTS

The Group's payroll costs are comprised of:

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

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

6. FINANCE EXPENSE

The Group's finance expense are comprised of:

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

7. INCOME TAX NOTE

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

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

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

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

8. TRADE AND OTHER RECEIVABLES

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

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

Classification of trade and other receivables

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

Fair value of trade and other receivables

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

The Group 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.

Research and development incentive

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

9. BIOLOGICAL ASSETS

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

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

Biological assets are classified as Level 3 on the fair value hierarchy with the following inputs and assumptions being subject to significant volatility and uncontrollable factors, which could significantly affect the fair value of the biological assets in future periods:

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

In the current period, the biological assets were approximately 49% complete (31 March 2022 - 69%) as to the next expected harvest date. The average number of days from the point of propagation to harvest is 91 days.

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

10. INVENTORY

The Group's inventory is comprised of:

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

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

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

11. ASSETS AND LIABILITIES HELD FOR SALE

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

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

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

12. PROPERTY, PLANT AND EQUIPMENT

The Group's plant and equipment comprised of:

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

13. INTANGIBLE ASSETS

The Group's intangible assets comprised of:

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

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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

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

15. DEFERRED PAYMENT

The Group was party to a Loan Note to Canopy Growth Corporation in relation to the Little Green Pharma Denmark ApS acquisition on 21 June 2021. A total of $8,557,736 was repaid on 5 July 2022 and a further $544,668 was repaid on 3 January 2023. The remaining $4,109,512 million was repaid past year end on 3 April 2023.

16. EXTERNAL BORROWINGS

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

In addition, the Group has two principal bank loans:

- A long term secured loan of $3,770,000 (31 March 2022: $3,770,000) from National Australia Bank. The loan was taken out on 24 February 2022. Repayment is due 31 December 2024. The loan is secured over the land and buildings held by LGP Holdings Pty Ltd. These assets are classified as property, plant and equipment whose carrying value is $6,179,452 (31 March 2022: $6,300,286). The loan carries a variable interest rate. The current weighted average effective interest rate on the loan is 5.45% and has an amortised cost of $3,817,787.
- A secured revolving credit facility of $2,000,000 (31 March 2022: $nil) from National Australia Bank. The loan was taken out on 30 November 2022. Repayments commenced 31 December 2022 and will continue until 30 November 2027. The revolving credit is secured by a chattel mortgage over the underlying equipment held by LGP. The bank loan carries a fixed interest rate at 7.68% and an amortised cost of $1,866,667.

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

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

17. EMPLOYEE BENEFIT OBLIGATIONS

The Group's employee benefit obligation is comprised of:

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

18. SHARE CAPITAL

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

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

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

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

19. SHARE BASED PAYMENTS

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

Options

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

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

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

19. SHARE BASED PAYMENTS CONTINUED

Performance rights

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

On 31 January 2023 at an Extra Ordinary General meeting it was resolved to issue 6,000,000 performance rights to the Executive in three classes, each with 1,500,000 rights.

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

Weighted average share price	$0.20
Weighted average exercise price	Nil
Expected future volatility	75%
Expected life	5 years
Risk free rate	3.17%
Expected dividend yields	Nil

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.

On 27 February 2023, 2,500,000 performance rights were exercised for nil consideration.

19. SHARE BASED PAYMENTS CONTINUED

Retention rights

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

During the reporting period, the Company issued 255,000 retention rights to Non-executive Directors with vesting occurring in 2025. Each retention right has a nil exercise price and a weighted average fair value of $0.31. The retention rights were approved at the Extra Ordinary General meeting.

Employee share incentive plan

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

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

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

20. FINANCIAL INSTRUMENTS

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

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

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

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

21. FINANCIAL RISK MANAGEMENT

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

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

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

a) Market risk

i) Foreign exchange risk

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

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

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

ii) Cash flow and fair value interest rate risk

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

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

21. FINANCIAL RISK MANAGEMENT CONTINUED

b) Credit risk

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

i) Risk management

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

ii) Credit quality

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

iii) Impaired trade receivables

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

c) Liquidity risk

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

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

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

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

21. FINANCIAL RISK MANAGEMENT CONTINUED

i) Maturities of financial liabilities

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

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

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

22. CAPITAL MANAGEMENT

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

23. OPERATING SEGMENTS

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

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

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

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

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

24. PARENT ENTITY

	31 March 2023	31 March 2022
Total current assets	**24,444,335**	32,480,278
Total non-current assets	**68,229,274**	50,059,962
Total assets	**92,673,609**	82,540,240
Total current liabilities	**(5,092,364)**	(3,144,185)
Total non-current liabilities	**(5,352,939)**	(3,917,000)
Total liabilities	**(10,445,303)**	(7,061,185)
Share capital	**101,183,206**	90,254,064
Reserves	**2,881,310**	2,370,798
Accumulated deficit	**(21,836,210)**	(17,145,807)
Total shareholder's equity	**82,228,306**	75,479,055
Net loss and comprehensive income	**(4,690,403)**	(20,592,377)

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

25. RELATED PARTY TRANSACTIONS

	31 March 2023	31 March 2022
Salaries and fees[1]	**727,792**	590,921
Short term incentives	**156,300**	153,451
Post employment	**47,242**	38,258
Share based payments	**761,681**	663,732
Other[2]	**37,458**	14,375
	1,730,473	1,460,737

(1) Salaries and fees in 31 March 2023 include share rights issued in lieu of salary.

(2) Other benefits represents car parking paid for by the company, movements in the annual leave and long service leave provisions, as well as shares issued as part of compensation.

26. AUDITORS' REMUNERATION

The auditor of the Group for the current year was BDO and Deloitte for the prior reporting period.

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

27. IMPACTS AND RESPONSE TO CONFLICT AND COVID - 19

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

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

28. EVENTS AFTER THE REPORTING DATE

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

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

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

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