Appendix 4D

1. Company Details

Name of Entity

Zelira Therapeutics Limited		
ABN	Half year ended ("current period")	Half year ended ("previous period")
27 103 782 378	31 December 2023	31 December 2022

2. Results for announcement to the market

			AUD $
2.1 Revenues from ordinary activities	Down	29% to	54,723
2.2 Profit / (loss) from ordinary activities after tax attributable to members - 31 December 2022: loss of ($3,277,368)	Down	941% to	(34,134,848)
2.3 Net profit / (loss) for the period attributable to members - 31 December 2021: loss of ($3,277,368)	Down	941% to	(34,134,848)

2.4 Dividends	Amount per security	Franked amount per security
Interim dividend declared	N/A	N/A
2.5 Record date for determining entitlements to the dividend		N/A

2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable figures to be understood

Business performance

Progress in the HOPE® 1 US FDA trials

In February 2023, Zelira established HOPE® 1 SPV to facilitate investment to fund HOPE® 1 US FDA clinical trials. Zelira will provide to the SPV its HOPE® 1 product, IP and real-world data for 55% equity ownership of the SPV. Cash investors will contribute to the SPV a total of circa US$35 million to fund HOPE ® 1 US FDA trials in exchange for a cumulative SPV equity interest of 45%. Zelira manages the SPV as part of its business platform.

In 2023, Zelira executed binding terms sheets for $US11.85 million, subject to definitive agreements, representing approximately 34% of the total US$35 million to be raised. In August 2023, Zelira executed definitive agreements with the 2011 Forman Trust and Mr Malik Majeed, to close a first tranche of US$1,069,000 out of the US$3.25 million funding for Zelira to initiate HOPE® FDA clinical trials with the second tranche of US$819,000 of the US$3.25 million funding being received in January 2024, bringing the total funds received via the SPV to US$1.888 million.

The funding assisted Zelira with completing a key initial step in the FDA trial process, the Target Product Profile (TPP) assessment. The focus is now on compiling the FDA meeting request documentation with our CRO iNGENU.

Advancements in Zenivol® and HOPE® transformation powered by Zyraydi™ Technology

Zelira continues to progress the transformation of Zenivol® and HOPE® from an oil-based formulation to a capsule formulation using its patented Zyraydi™ Technology. The Zyraydi™ Technology is combined with the cannabinoid distillate to assist in the free flow of capsules and tablets solves the problem of non-uniformity and separation of cannabinoid from powder bed, opening new ways to develop pharmaceutical grade solid oral dosage forms such as capsules and tablets. The transformation is on track to be completed by late 2024 or early 2025. Zelira is also exploring potential manufacturing partners which will be applicable to HOPE® and Zenivol®.

Impairment

As Zelira's primary asset has become early-stage revenue or pre-revenue, any model predicting future revenue relies on a number of long term and subjective assumptions. These inputs cannot be tested for reasonableness as they rely upon future events. In light of this, the Board determined that the value of Goodwill should be removed from Zelira's Statement of Financial Position and an impairment charge of $30,747,083 (30 June 2023: $nil) has been recognised.

3. Net tangible assets per security	31 December 2023	31 December 2022
Net tangible asset backing per ordinary security	(0.233)	0.078

4. Details of entities over which control has been gained or lost

4.1. Control gained over entities

N/A

4.2. Control lost over entities

N/A

5. Dividends

Individual dividends per security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend:				
Current year	N/A	N/A	N/A	N/A
Previous year	N/A	N/A	N/A	N/A

6. Dividend reinvestment plans The dividend or distribution plans shown below are in operation. N/A	
The last date(s) for receipt of election notices for the dividend or distribution plans.	N/A

7. Details of associates and joint entities

N/A

8. Foreign entities

N/A

9. If the accounts are subject to audit dispute or qualification, details are described below.

N/A

Sign here: 

Date: 22 February 2024

Managing Director

Print Name: Dr Oludare Odumosu

zelira® THERAPEUTICS

2024 HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2023

Zelira Therapeutics Limited

ABN 27 103 782 378

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All announcements and financial reports are available on our website www.zeliratx.com

Your directors submit the financial report of the Group for the half-year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Osagie Imasogie	Chairman
Dr Oludare Odumosu	Managing Director
Tim Slate	Non-Executive Director
Dr Donna Gentile O'Donnell	Non-Executive Director
Greg Blake	Executive Director

Business performance

Progress in the HOPE® 1 US FDA trials

In February 2023, Zelira established HOPE® 1 SPV to facilitate investment to fund HOPE® 1 US FDA clinical trials. Zelira will provide to the SPV its HOPE® 1 product, IP and real-world data for 55% equity ownership of the SPV. Cash investors will contribute to the SPV a total of circa US$35 million to fund HOPE ® 1 US FDA trials in exchange for a cumulative SPV equity interest of 45%. Zelira manages the SPV as part of its business platform.

In 2023, Zelira executed binding terms sheets for $US11.85 million, subject to definitive agreements, representing approximately 34% of the total US$35 million to be raised. In August 2023, Zelira executed definitive agreements with the 2011 Forman Trust and Mr Malik Majeed, to close a first tranche of US$1,069,000 out of the US$3.25 million funding for Zelira to initiate HOPE® FDA clinical trials with the second tranche of US$819,000 of the US$3.25 million funding being received in January 2024, bringing the total funds received via the SPV to US$1.888 million.

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Corporate

On 24 November 2023, the Company announced the issue of 770,000 options to Directors as approved by shareholders on 15 November 2023.

After balance date events

On 8 January 2024, Zelira announced, it had received the second tranche of US$819,000 of the US$3.25 million funding for the Group to conduct FDA clinical trials for the proprietary and patent protected HOPE® 1 product via a special purpose vehicle (SPV). Receipt of the second tranche of funding from the 2011 Forman Trust brings to total funds received via the SPV to US$1.888 million.

On the 11 January 2024, the Company announced it had received approval from the Australian Securities and Investments Commission ("ASIC") to change its auditor. Accordingly, the Company confirmed it had accepted the resignation of HLB Mann Judd (WA Partnership) ("HLB Mann Judd") and the consent of Hall Chadwick WA Audit Pty Ltd ("Hall Chadwick") to its appointment as its auditor.

The decision to change auditors was made following a review by the Board of the Company's external audit arrangements in accordance with the Company's Corporate Governance Plan. The appointment of Hall Chadwick follows a competitive tender process with Hall Chadwick WA Audit Pty Ltd assessed as providing the best match of skills and value.

On 23 January 2024, the Company announced the expiry of 114,290 options.

On 29 January 2024, the Company announced the issue of 150,000 under an Employee Share Option Plan and 325,000 options under the US Employee Share Option Plan.

Review of operations

During the period ended 31 December 2023, Zelira Therapeutics Limited ("Zelira" or "the Group") reported a net loss after tax attributable to the members of Zelira Therapeutics Limited of $34,322,619 (31 December 2022: $3,664,787).

About the business

Zelira has established a special purpose vehicle (SPV) to conduct FDA Phase 1, Phase 2 and Phase 3 clinical trials for Zelira's proprietary and patent protected HOPE® 1. Zelira has contributed to the SPV its HOPE® 1 product, IP and real-world data for 55% equity ownership of the SPV. Cash investors will contribute a total of circa US$35 million to fund the SPV and US FDA trials for HOPE® 1 in exchange for a cumulative equity interest of 45% of the SPV. Zelira will manage the SPV as part of its business platform. The SPV has appointed iNGENū CRO Pty Ltd (iNGENū) as its Contract Research Organisation (CRO) to lead the clinical validation and regulatory registration of the study product with the US FDA through the submission of an Investigative New Drug (IND) application.

In May 2023, Zelira completed an IRB approved strategically designed multi-arm, head-to-head study targeting diabetic nerve pain. The clinical trial included a comprehensive comparison against the widely recognised and highly successful multi-billion dollar revenue generating drug Lyrica® (Pregabalin). With the findings underscoring the exceptional efficacy of our treatments in managing pain, with ZLT-L-007 demonstrating the most substantial reduction in pain severity, particularly at the 60-day and 90-day follow-up periods. Zelira has developed Enhanced Distillate Capture and Dissolution Matrix (EDCDM) technology under the brand name Zyraydi™, that solves the problem of non-uniformity and separation of cannabinoid from powder bed, opening new ways to develop pharmaceutical grade solid oral dosage forms such as capsules and tablets. Zelira will be assessing opportunities for commercialisation of this technology.

Zelira's Rx business generates revenue from its proprietary medication, HOPE. The Company has two proprietary formulations under the HOPE® brand that are generating revenue in Australia, Washington, D.C., Pennsylvania and Louisiana. Zelira will also be expanding commercialisation of ZENIVOL® – the world's first clinically validated cannabinoid drug for treatment of chronic insomnia into Germany via its German commercialisation partner Adjupharm GmbH following recent approval from German regulatory authority BfArM. Zelira's OTC products in the oral and dermatology health care sectors are also generating revenue. Zelira, in partnership with SprinJeneCBD, launched a full line of oral care products, currently generating revenue in the US. Zelira also launched in 2021 the RAF FIVE™ brand, which consists of five OTC acne treatment products using a proprietary formulation incorporating cannabidiol (CBD).

Cash flow

The Group's cash at bank was $64,835 at 31 December 2023 (31 December 2022: $133,790).

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, Hall Chadwick, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 7 and forms part of this directors' report for the half-year ended 31 December 2023.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

Dr Oludare Odumosu
Managing Director
22 February 2024

HALL CHADWICK

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the review of the financial statements of Zelira Theraupetics Limited for the half year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 22nd day of February 2024
Perth, Western Australia

Condensed Consolidated Statement of Comprehensive Income

	Notes	31 December 2023 ($)	31 December 2022 ($)
Continuing operations			
Revenue	3	54,723	76,949
Cost of sales		(47,051)	(122,368)
Gross (loss)/profit		7,672	(45,419)
Other income		4,500	72
Compliance and regulatory expenses		(146,644)	-
Consultants and professional fees		(533,795)	(164,098)
Administration expenses		(210,082)	(1,704,755)
Director and employee expenses		(607,216)	(225,262)
Research and development		(1,243,637)	(1,409,567)
Commercialisation expenses		(19,858)	(548,436)
Share-based payments	11	(229,009)	(32,276)
Depreciation and amortisation		(276,474)	(303,365)
Impairment of goodwill	6	(30,747,083)	1,500,000
Impairment of inventory		(78,951)	(274,474)
Finance costs		(211,135)	(251,618)
Reversal of expected credit loss		-	(39,633)
Bad debts expense		-	(32,150)
Other expenses		(30,907)	(133,806)
Loss before income tax expense		**(34,322,619)**	**(3,664,787)**
Income tax expense		-	-
Net loss for the period		**(34,322,619)**	**(3,664,787)**
Loss attributable to minority interests		(187,771)	(387,419)
Loss attributable to members of the parent entity		(34,134,848)	(3,277,368)
		(34,322,619)	**(3,664,787)**
Other comprehensive income			
Exchange difference on translating foreign operations		(479,885)	(111,177)
Other comprehensive loss for the period, net of tax		**(479,885)**	**(111,177)**
Total comprehensive loss for the period		**(34,802,504)**	**(3,775,964)**
Loss attributable to minority interests		(187,771)	(387,419)
Loss attributable to members of the parent entity		(34,614,733)	(3,388,545)
		(34,802,504)	**(3,775,964)**
Basic loss per share (cents per share)	10	(302.48)	(38.27)
Diluted loss per share (cents per share)	10	(302.48)	(38.27)

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

	Notes	31 December 2023 ($)	30 June 2023 ($)
Assets			
Current Assets			
Cash and cash equivalents		64,835	146,206
Trade and other receivables		679,721	96,739
Inventories	4	1,397,234	1,527,995
Total Current Assets		2,141,790	1,770,940
Non-Current Assets			
Right-of-use assets	5	265,744	335,101
Other financial assets		42,375	43,426
Property, plant and equipment		46,981	183,644
Intangible assets	6	732,518	31,557,602
Total Non-Current Assets		1,087,618	32,119,773
Total Assets		**3,229,408**	33,890,713
Liabilities			
Current Liabilities			
Trade and other payables		3,490,607	1,741,011
Lease liabilities	7	147,168	142,528
Convertible notes	8	1,365,902	-
Total Current Liabilities		5,003,677	1,883,539
Non-Current Liabilities			
Lease liabilities	7	211,937	295,374
Total Non-Current Liabilities		211,937	295,374
Total Liabilities		5,215,614	2,178,913
Net (Deficiency)/Assets		**(1,986,206)**	**31,711,800**
Equity			
Issued capital	9	45,515,996	45,515,996
Reserves		31,045,577	31,053,341
Accumulated losses		(78,902,113)	(44,767,265)
Parent entity interest		(2,340,540)	31,802,072
Minority interest		354,334	(90,272)
Total Equity		**(1,986,206)**	**31,711,800**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

	Issued Capital ($)	Accumulated Losses ($)	Foreign Currency Reserve ($)	Performance Rights Reserve ($)	Share-Based Payments Reserve ($)	Contribution Reserve ($)	Convertible notes Reserve ($)	Total ($)	Minority interest ($)	Total Equity ($)
Balance at 1 July 2022	**43,745,957**	**(39,194,258)**	**(482,190)**	**27,112,223**	**2,213,080**	**1,808,341**	**-**	**35,203,153**	**487,385**	**35,690,538**
Loss for the period	-	(3,277,368)	-	-	-	-	-	(3,277,368)	(387,419)	(3,664,787)
Other comprehensive income	-	-	(111,177)	-	-	-	-	(111,177)	-	(111,177)
Total comprehensive loss for the period	-	(3,277,368)	(111,177)	-	-	-	-	(3,388,545)	(387,419)	(3,775,964)
Transaction with minority interest	-	-	-	-	-	36,638	-	36,638	131,747	168,385
Share-based payments	-	-	-	260,599	42,766	-	-	303,365	-	303,365
Balance at 31 December 2022	**43,745,957**	**(42,471,626)**	**(593,367)**	**27,372,822**	**2,255,846**	**1,844,979**	**-**	**32,154,611**	**231,713**	**32,386,324**
Balance at 1 July 2023	**45,515,996**	**(44,767,265)**	**(570,179)**	**27,454,564**	**2,275,556**	**1,893,400**	**-**	**31,802,072**	**(90,272)**	**31,711,800**
Loss for the period	-	(34,134,848)	-	-	-	-	-	(34,134,848)	(187,771)	(34,322,619)
Other comprehensive income	-	-	(479,885)	-	-	-	-	(479,885)	-	(479,885)
Total comprehensive loss for the period	-	(34,134,848)	(479,885)	-	-	-	-	(34,614,733)	(187,771)	(34,802,504)
Transaction with minority interest	-	-		-	-	(69,461)	-	(69,461)	632,377	562,916
Share-based payments	-	-		83,097	145,912	-	-	229,009	-	229,009
Convertible notes issued	-	-		-	-	-	312,573	312,573	-	312,573
Balance at 31 December 2023	**45,515,996**	**(78,902,113)**	**(1,050,064)**	**27,537,661**	**2,421,468**	**1,823,939**	**312,573**	**(2,340,540)**	**354,334**	**(1,986,206)**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

	31 December 2023 ($)	31 December 2022 ($)
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	141,236	122,626
Payments to suppliers and employees	(1,403,871)	(3,331,159)
Payments for research	(454,673)	(385,531)
Interest received	220	3
Interest paid	(15,262)	(10,530)
Net cash (used in) operating activities	(1,732,350)	(3,604,591)
Cash flows from investing activities		
Repayment of third party loan	-	950,000
Net cash from investing activities	-	950,000
Cash flows from financing activities		
Proceeds from issue of convertible note	1,663,813	-
Net cash from financing activities	1,663,813	-
Net (decrease)/ increase in cash held	(68,537)	(2,654,591)
Effect of exchange rate fluctuations on cash held	(12,834)	41,972
Cash and cash equivalents at the beginning of the period	146,206	2,746,409
Cash and cash equivalents at the end of the period	**64,835**	**133,790**

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

Statement of compliance

These half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Zelira Therapeutics Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted and methods of computation are consistent with those of the previous financial year and corresponding half-year reporting period. The interim financial statements were authorised for issue on 22 February 2024.

Basis of preparation

The half-year report has been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Going Concern

The Group incurred a loss of $34,322,619 for the period ended 31 December 2023 and a net cash outflow from operating activities amounting to $1,732,350. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

In February 2023, Zelira established HOPE® 1 SPV to facilitate investment to fund HOPE® 1 US FDA clinical trials. Zelira will provide to the SPV its HOPE® 1 product, IP and real-world data for 55% equity ownership of the SPV. Cash investors will contribute to the SPV a total of circa US$35 million to fund HOPE ® 1 US FDA trials in exchange for a cumulative SPV equity interest of 45%. Zelira manages the SPV as part of its business platform.

In 2023, Zelira executed binding terms sheets for $US11.85 million, subject to definitive agreements, representing approximately 34% of the total US$35 million to be raised. In August 2023, Zelira executed definitive agreements with the 2011 Forman Trust and Mr Malik Majeed, to close a first tranche of US$1,069,000 out of the US$3.25 million funding for Zelira to initiate HOPE® FDA clinical trials.

Subsequent to the period end, in January 2024, Zelira received the second tranche of US$819,000 of the US$3.25 million funding bringing the total funds received via the SPV to US$1.888 million.

The ability of the entity to continue as a going concern is dependent on Zelira successfully commercialising its medicinal cannabinoid formulas targeting large addressable markets such as pain, sleep and anxiety, fees generated for the management of the HOPE® 1 SPV as it progresses the HOPE® 1 US FDA clinical trials commercialising its scientifically formulated, hemp-derived cannabinoid-based oral-care products or securing additional funding through capital raising activities to continue its operational and marketing activities. Should these be unsuccessful, there may be a material uncertainty relating to the Group's ability to continue as a going concern.

The directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be able to generate sufficient revenue or secure funds to meet its commitments.

There are a number of inherent uncertainties relating to the Group's future plans including but not limited to:

- whether the Group is able to generate sufficient revenue from HOPE® 1and HOPE® 2;
- whether the Group is able to generate sufficient revenue from its Oral Care range of products;
- whether the Group is able to close subsequent rounds of funding in the HOPE® 1 SPV;
- whether the Group is able to generate cash receipts from the management of the HOPE® 1 SPV as it progresses the HOPE® 1 US FDA clinical trials;

1. Statement of Significant Accounting Policies (continued)

- whether the Group is able to generate sufficient revenue licencing its Zyradi technology;
- whether the Company will be able to raise equity in this current market; and
- whether the Group would be able to secure any other sources of funding.

Should the Group's cash flow deviate from the cash flow forecast, a material uncertainty will exist that cast significant doubt on the Group's ability to continue as a going concern and it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Significant accounting judgments and key estimates

The preparation of half-year financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2023.

Adoption of new and revised Accounting Standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. Segment Reporting

Identification of reportable operating segments

The Group is organised into two operating segments based on geographic location of operations: Australia and United States of America. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

The following tables present revenue and profit/loss information and certain asset and liability information regarding business segments for the half years ended 31 December 2023 and 31 December 2022 and the full year ending 30 June 2023.

2. Segment Reporting continued

31 December 2023	Australia ($)	USA ($)	Total ($)
Segment revenues	40,612	14,111	54,723
Segment loss before income tax expense	(32,400,022)	(1,922,597)	(34,322,619)
Segment assets	1,131,623	2,097,785	3,229,408
Segment liabilities	(1,106,411)	(4,109,203)	(5,215,614)
31 December 2022			
Segment revenues	65,368	11,581	76,949
Segment loss before income tax expense	(790,530)	(2,874,257)	(3,664,787)
30 June 2023			
Segment assets	20,700,155	13,190,638	33,890,713
Segment liabilities	(713,765)	(1,465,148)	(2,178,913)

3. Revenue

	Six months to 31 December 2023 ($)	Six months to 31 December 2022 ($)
Sale of goods	54,723	76,949
	54,723	76,949

Disaggregation of revenue

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

Sale of Zenivol® and HOPE® – Australia	40,412	65,368
Sale of Oralcare products – US	2,859	3,950
Other sales – US	11,452	7,631
	54,723	76,949

4. Inventories

	31 December 2023 ($)	30 June 2023 ($)
Raw materials	1,156,583	1,150,376
Work in progress	40,910	-
Finished goods	199,741	377,619
	1,397,234	1,527,995

5. Right-of-use Assets

Carrying value – Premises	31 December 2023 ($)	30 June 2023 ($)
Cost	728,559	747,758
Accumulated depreciation	(462,815)	(412,657)
Carrying value as at 31 December	265,744	335,101

Reconciliation - Premises	31 December 2023 ($)	30 June 2023 ($)
Opening balance	335,101	398,967
Additions	-	43,865
Foreign currency differences	(6,836)	13,467
Depreciation expense	(62,521)	(121,198)
Closing balance	265,744	335,101

6. Intangible Assets

Reconcilliation	Trademarks ($)	Favourable leases ($)	Goodwill ($)	Total ($)
Six months to 31 December 2023				
Opening balance	756,106	54,413	30,747,083	31,557,602
Amortisation expense	(58,868)	(19,133)	-	(78,001)
Impairment expense	-	-	(30,747,083)	(30,747,083)
Closing balance	697,238	35,280	-	732,518
Year to 30 June 2023				
Opening balance	873,842	92,678	30,747,083	31,713,603
Amortisation expense	(117,736)	(38,265)	-	(156,001)
Closing balance	756,106	54,413	30,747,083	31,557,602

Impairment test for goodwill

Goodwill was acquired through the acquisition of Ilera Therapeutics and was allocated to a single cash generating unit (CGU) – the USA – for impairment testing. During the period, Zelira changed its strategy to focus primarily on the HOPE FDA clinical trial.

As Zelira's primary asset has become early-stage revenue or pre-revenue, any model predicting future revenue relies on a number of long term and subjective assumptions. These inputs cannot be tested for reasonableness as they rely upon future events. In light of this, the Board determined that the value of Goodwill should be removed from Zelira's Statement of Financial Position and an impairment charge of $30,747,083 (30 June 2023: $nil) has been recognised.

7. Lease Liabilities

Carrying value	31 December 2023 ($)	30 June 2023 ($)
Current liabilities	147,168	142,528
Non-current liabilities	211,937	295,374
	359,105	437,902

Reconciliation - Premises	Six months to 31 December 2023 ($)	Year to 30 June 2023 ($)
Opening balance	437,901	500,908
Additions	-	43,865
Interest	13,790	34,646
Principal repayments	(85,724)	(160,482)
Foreign currency differences	(6,862)	18,965
Closing balance	359,105	437,902

Underlying assets serve as a security for the related lease liabilities. A maturity analysis of future minimum lease payments is presented below:

	Lease payments due			
31 December 2023	< 1 year ($)	1 – 2 years ($)	2 – 5 years ($)	Total ($)
Lease payments	166,403	219,074	-	385,477
Interest	(19,235)	(7,137)	-	(26,372)
Net present value	147,168	211,937	-	359,105

8. Convertible Notes

	31 December 2023 ($)	30 June 2023 ($)
Proceeds from issue of convertible notes	1,663,813	-
Equity portion	(312,573)	-
Equity portion - unwound	115,609	-
Foreign currency differences	(100,947)	-
	1,365,902	-

In August 2023, Zelira executed definitive agreements with the 2011 Forman Trust and Mr Malik Majeed, to close a first tranche of US$1,069,000 out of the US$3.25 million funding for Zelira to initiate HOPE® FDA clinical trials (the 'Convertible Notes'). The key terms of the Convertible Notes are as follows:

- Interest accrues on each instrument at 10% per annum;
- 12-month term for each Convertible Note;
- Origination fee of 0.5%;
- The Convertible Notes will be secured by a first ranking security over the assets of the SPV; and
- The Convertible Notes are convertible into a fixed number of shares, equating to a cumulative value of 4.02% of shares of the SPV.

9. Issued Capital

Ordinary shares	31 December 2023 ($)	30 June 2023 ($)
Issued and fully paid	45,515,996	45,515,996

Movements in ordinary shares on issue	Six months to 31 December 2023 (No.)	Year to 30 June 2023 (No.)	Six months to 31 December 2023 ($)	Year to 30 June 2023 ($)
At start of period	11,347,155	9,577,116	45,515,996	43,745,957
Shares issued to sophisticated investors	-	1,770,039	-	1,770,039
At end of period	11,347,155	11,347,155	45,515,996	45,515,996

10. Loss Per Share

	31 December 2023 ($)	31 December 2022 ($)
(a) (Loss) used in the calculation of basic and dilutive loss per share	(34,322,619)	(3,664,787)
Basic loss per Share	**Number of Shares**	**Number of Shares**
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	11,347,155	9,577,116
Basic (loss) per share (cents per share)	(302.48)	(38.27)
Diluted loss per Share	**Number of Shares**	**Number of Shares**
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted loss per share	11,347,155	9,577,116
Diluted (loss) per share (cents per share)	(302.48)	(38.27)

The number of ordinary shares used in the calculated of Diluted Loss per Share is the same as the number used in the calculation of Basic Loss per Share in the period ending 31 December 2023 and the prior period ended 31 December 2022, as options and performance rights are not considered dilutive as a loss was incurred in both periods.

11. Share-Based Payments

Unlisted Options (as at Balance date)

Set out below are the summaries of options granted as share based payments during the current period and previous periods:

	Number	Grant date	Expiry date	Exercise price ($)	Fair value at grant date	Vesting date
1	17,715	22 October 2021	22 October 2025	$17.50	$0.0070	22 October 2022
2	17,715	22 October 2021	22 October 2025	$26.25	$0.0046	22 October 2023
3	17,715	22 October 2021	22 October 2025	$35.00	$0.0033	22 October 2023
4	17,715	22 October 2021	22 October 2025	$49.00	$0.0021	22 October 2024
5	17,715	22 October 2021	22 October 2025	$52.50	$0.0019	22 October 2024
6	11,429	22 October 2021	22 October 2025	$17.50	$0.0070	22 October 2022
7	31,431	22 October 2021	22 October 2025	$26.25	$0.0046	22 October 2022
8	42,860	22 October 2021	22 October 2025	$43.75	$0.0024	22 October 2023
9	42,860	22 October 2021	22 October 2025	$52.50	$0.0019	22 October 2024
10	135,000	15 November 2023	15 November 2027	$2.00	$0.6106	15 November 2023
11	135,000	15 November 2023	15 November 2027	$4.00	$0.5134	15 November 2024
12	135,000	15 November 2023	15 November 2027	$6.00	$0.4536	15 November 2024
13	135,000	15 November 2023	15 November 2027	$8.00	$0.4110	15 November 2025
14	135,000	15 November 2023	15 November 2027	$10.00	$0.3782	15 November 2025
15	47,500	15 November 2023[1]	15 November 2026	$1.15	$0.8190	1 June 2024
16	47,500	15 November 2023[1]	15 November 2026	$1.15	$0.8190	1 June 2025

1. The Company announced the terms of Dr Gentile O'Donnell's options on 31 May 2023, therefore the options are deemed to be issued on that date. The options were formally issued on 15 November 2023.

11. Share-Based Payments continued

The fair value of the equity-settled options granted is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which they were granted.

	Expected volatility (%)	Risk-free interest rate (%)	Expected life of options (years)	Exercise price (cents)	Grant date share price (cents)
1	61	0.1	4	$17.50	4.2
2	61	0.1	4	$26.25	4.2
3	61	0.1	4	$35.00	4.2
4	61	0.1	4	$49.00	4.2
5	61	0.1	4	$52.50	4.2
6	61	0.1	4	$17.50	4.2
7	61	0.1	4	$26.25	4.2
8	61	0.1	4	$43.75	4.2
9	61	0.1	4	$52.50	4.2
10	114	5	4	$2.00	0.91
11	114	5	4	$4.00	0.91
12	114	5	4	$6.00	0.91
13	114	5	4	$8.00	0.91
14	114	5	4	$10.00	0.91
15	126	3.5	3	$1.15	3.05
16	126	3.5	3	$1.15	3.05

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

12. Financial Instruments

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position. The Directors consider that the carrying amounts of current receivables, loan receivable, other financial assets and current payables are considered to be a reasonable approximation of their fair values.

13. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

14. Related Party Transactions

There are no related party transactions requiring disclosure since the last annual reporting date.

15. Events Subsequent to Reporting Date

On 8 January 2024, Zelira announced, it had received the second tranche of US$819,000 of the US$3.25 million funding for the Group to conduct FDA clinical trials for the proprietary and patent protected HOPE® 1 product via a special purpose vehicle (SPV). Receipt of the second tranche of funding from the 2011 Forman Trust brings to total funds received via the SPV to US$1.888 million.

On the 11 January 2024, the Company announced it had received approval from the Australian Securities and Investments Commission ("ASIC") to change its auditor. Accordingly, the Company confirmed it had accepted the resignation of HLB Mann Judd (WA Partnership) ("HLB Mann Judd") and the consent of Hall Chadwick WA Audit Pty Ltd ("Hall Chadwick") to its appointment as its auditor.

The decision to change auditors was made following a review by the Board of the Company's external audit arrangements in accordance with the Company's Corporate Governance Plan. The appointment of Hall Chadwick follows a competitive tender process with Hall Chadwick WA Audit Pty Ltd assessed as providing the best match of skills and value.

On 23 January 2024, the Company announced the expiry of 114,290 options.

On 29 January 2024, the Company announced the issue of 150,000 under an Employee Share Option Plan and 325,000 options under the US Employee Share Option Plan.

DIRECTORS' DECLARATION

In the opinion of the directors of Zelira Therapeutics Limited ('the Company'):

1. The attached condensed consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
    a. complying with Accounting Standard AASB 134: *Interim Financial* Reporting; and
    b. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year then ended; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s303(5) of the *Corporations Act 2001*.

Dr Oludare Odumosu
Managing Director

22 February 2024

HALL CHADWICK

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ZELIRA THERAUPETICS LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Zelira Theraupetics Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Zelira Theraupetics Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual 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 review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of $34,322,619 during the half year ended 31 December 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB *134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated this 22nd day of February 2024
Perth, Western Australia

Board of Directors

CHAIRMAN

Osagie Imasogie

MANAGING DIRECTOR

Dr Oludare Odumosu

NON-EXECUTIVE DIRECTORS

Tim Slate

Dr Donna Gentile O'Donnell

EXECUTIVE DIRECTOR

Greg Blake

COMPANY SECRETARY

Tim Slate

Principal & Registered Office

Level 3, 101 St Georges Terrace
Perth WA 6000

Telephone: (08) 6558 0886

Facsimile: (08) 6316 3337

Auditors

Hall Chadwick WA Audit Pty Ltd

283 Rockeby Road
Subiaco WA 6008

Share Register

Computershare Investor Services Pty Ltd

Level 17, 221 St Georges Terrace
Perth WA 6000

Telephone: (08) 9323 2000

Facsimile: (08) 9323 2033

Securities Exchange Listing

Australian Securities Exchange

(Home Exchange: PERTH, Western Australia)

Code: ZLD

USA

OTCQB

Code: ZLDAF

Zelira Therapeutics
Level 3, 101 St Georges Terrace, Perth WA 6000
Phone +61 8 6558 0886

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