

1. Company details

Name of entity:	Cann Group Limited
ABN:	25603949739
Reporting period:	For the half-year ended 31 December 2025
Previous period:	For the half-year ended 31 December 2024

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	30.0% to	4,520
Profit from ordinary activities after tax	up	n/a to	26,378
Profit for the half-year	up	n/a to	26,378
		31 December 2025 Cents	31 December 2024 Cents
Basic earnings per share		3.15	(2.23)
Diluted earnings per share		3.15	(2.23)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The profit for the Group after providing for income tax amounted to \$26,378,409 (31 December 2024: loss of \$10,698,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.30</u>	<u>-0.004</u>

4. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

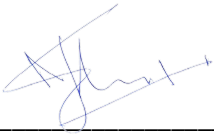
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. An unmodified conclusion has been issued. A material uncertainty relating to going concern is included in the auditor's report and the auditor's conclusion is not modified in respect of this matter.

6. Attachments

Details of attachments (if any):

The Interim Report of Cann Group Limited for the half-year ended 31 December 2025 is attached.

7. Signed

Signed  _____

Date: 27 February 2026

Mike Ryan
Chairman
Melbourne

Cann Group Limited

ABN 25603949739

Interim Report - 31 December 2025

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General information

This Half-Year Financial Report is of Cann Group Limited (The group) and its subsidiaries, including Cannproducts Pty Ltd, Cannoperations Pty Ltd, Cann IP Pty Ltd, Botanitech Pty Ltd, Satipharm Europe, Satipharm Limited, Satipharm AG, Satipharm Canada Limited and Phytotech Therapeutics Ltd (together, the Consolidated Group). These financial statements are for the half-year ended 31 December 2025. Unless otherwise stated, all amounts are presented in \$AUD'000.

A description of the group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report on pages 3 to 4. The Directors' Report is not part of the financial statements.

Directors	Mr Mike Ryan (Non-executive Chairman) – appointed 1 December 2025 Ms Jenni Pilcher (CEO and Managing Director) Mr Doug Rathbone AM (Non-executive Director) Mr Peter Kopanidis (Non-executive Director)
Chief Executive Officer	Ms Jenni Pilcher
Company secretary	Mr Steven Notaro
Registered office	23 Greentek Court Koorlong Victoria 3501
Share registry	MUFG Corporate Markets Locked Bag A14 Sydney South NSW 1235 Ph: 1300 554 474
Auditor	Connect National Audit Pty Ltd 60 Toorak Road South Yarra VIC 3141
Stock exchange listing	Cann Group Limited shares are listed on the Australian Securities Exchange (ASX code: CAN)
Contact Information	Ph: (03) 9095 7088 Email: contact@canngrouplimited.com Website: www.canngrouplimited.com

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Cann Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2025.

Directors

The names and details of the Directors in the office during the half year period are as follows. Directors have been in office for the entire half year unless otherwise stated.

Mr Mike Ryan (Non-executive Chairman) – appointed 1 December 2025

Ms Jenni Pilcher (CEO and Managing Director)

Mr Doug Rathbone, AM (Non-executive Director, Interim Chairman up until 1 December 2025)

Mr Peter Kopanidis (Non-executive Director)

Principal activities

The principal activities of the Group during the year consisted of cultivation of medicinal cannabis for both medicinal and research purposes pursuant to the licenses and permits issued to the Group; the development and manufacture (via third party arrangements) of finished product formulations; and the pursuit and execution of various supply agreements with third parties.

Operating Results

The profit for the Group after providing for income tax amounted to \$26.4 million (31 December 2024: loss of \$10.7 million).

The Group's basic and diluted loss per share is 3.15 cents per share (2024: 2.23 cents per share). The weighted average number of shares used to calculate the basic and diluted earnings per share is 837,821,126 (2024: 478,972,354).

The net assets of the Group are \$34.3 million as at 31 December 2025 (30 June 2025: net liabilities \$2.78 million).

Review of operations

Profit after tax for the Group amounted to \$26.4 million (31 December 2024: loss of \$10.7 million) which includes a gain on debt forgiveness of \$55.7 million and an offsetting impairment charge of \$19.0 million.

Revenue was down 30% versus the prior corresponding period ("PCP") to \$4.52 million (31 December 2024: \$6.47 million). This decline was experienced in the second quarter, which coincided with the Company's debt refinancing and capital raising activities.

Offsetting the softer revenue, was a 33% reduction in operating expenses (before depreciation and amortisation) to \$7.0 million (31 December 2024: \$10.5 million). The reduction was mostly in production costs, which has had a corresponding positive effect on gross margins.

As a result, EBITDA (on a normalised basis, before impairment and debt forgiveness) has improved by 42% to a loss of \$2.4 million (31 December 2024: loss of \$4.1 million) as the Company tracks towards profitability.

Board and Management Changes

On 1 December 2025, Mr Mike Ryan was appointed as the Company's Chairman. This followed a consulting role that began in February 2025. On this date, Mr Doug Rathbone, who had been assuming the role of Interim Chairman since 10 February 2025 reassumed his non-executive director role.

Significant changes in the state of affairs

Bank Facilities

As announced on 15 December 2025, the Company successfully completed a refinancing of its borrowings. Its primary lender (National Australia Bank) was paid \$15.3 million as full settlement of loans outstanding of \$70.0 million and consequently forgave \$55.7 million of debt. To fund the settlement amount, the Company secured a new loan of \$9 million (as described in Note 5) from its existing secondary lender and raised \$9 million (before costs) by way of a two-tranche private placement and a share purchase plan. Following the refinancing, at 31 December 2025, the Company has a loan balance of \$14.78 million with its secondary lender.

At 31 December 2025, the Company was in technical breach of the minimum shareholder funds covenant under the facility. This breach arose following the impairment recognised during the period, which had been discussed with the lender prior to execution of the facility.

Subsequent to the reporting period, the Company was also temporarily in breach of the minimum cash reserve covenant of \$250,000 between 2 February 2026 and 11 February 2026. The Company notified the lender of this matter and the position has since been remedied.

The lender provided a formal waiver on 26 February 2026 in respect of the minimum shareholder funds covenant breach. Due to the fact this breach occurred as at reporting date, and despite the waiver, the loan has been reported as a current liability in accordance with accounting standards.

Fully paid ordinary shares issued during the half year

During the half year, the Company issued 934.64 million (59.5%) fully paid ordinary shares, as follows:

- 120.4 million on 31 October 2025 pursuant to tranche one of share placements.
- 444.8 million on 3 December 2025 pursuant to tranche two of share placements.
- 127.6 million on 24 November 2025 pursuant to share purchase plan.
- 122.4 million on 3 December 2025 pursuant to share purchase plan shortfall funding.
- 15.2 million on 5 December 2025 to a private, short-term lender pursuant to the settlement of a short-term funding arrangement.
- 104.2 million on various dates through the period pursuant to conversion of convertible notes into ordinary shares.

Dividends

No dividend has been proposed or paid during the half year period ended 31 December 2025.

Rounding of amounts


The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

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

On behalf of the Directors



27 February 2026

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

As lead auditor for the review of Cann Group Limited for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cann Group Limited.



George Georgiou FCA
MANAGING DIRECTOR
CONNECT NATIONAL AUDIT PTY LTD
Authorised Audit Company No. 521888
27 February 2026

Cann Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2025



	Note	31 December 2025 \$'000	31 December 2024 \$'000
Revenue		4,521	6,467
Other income	3	136	-
Total revenue		<u>4,657</u>	<u>6,467</u>
Expenses			
Administration and corporate costs		(1,676)	(1,898)
Direct production costs		(1,469)	(3,419)
Employee costs		(3,869)	(5,123)
Research and development costs		-	(92)
Depreciation and amortisation expense		(3,642)	(3,763)
Total operating expenses		<u>(10,656)</u>	<u>(14,295)</u>
Loss before other gains losses, finance costs and income tax expense		(5,999)	(7,828)
Gain on debt forgiveness		55,686	-
Impairment charge	4	(18,992)	-
Finance costs		(4,316)	(2,870)
Profit/(loss) before income tax expense		26,379	(10,698)
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year		26,379	(10,698)
Other comprehensive loss			
<i>Items that may not be reclassified subsequently to profit or loss</i>			
Movement in foreign currency translation reserve		(3)	(193)
Other comprehensive loss for the half-year, net of tax		-	(193)
Total comprehensive profit/(loss) for the half-year		<u>26,376</u>	<u>(10,891)</u>
		Cents	Cents
Basic earnings per share	12	3.15	(2.23)
Diluted earnings per share	12	3.15	(2.23)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Note	31 December 2025 \$'000	30 June 2025 \$'000
Assets			
Current assets			
Cash and cash equivalents		955	10
Trade and other receivables		868	2,757
Prepayments		624	821
Inventories		5,292	4,343
Biological assets		1,185	1,643
Total current assets		8,924	9,574
Non-current assets			
Property, plant and equipment	4	46,583	69,171
Intangibles		3	9
Financial assets at fair value through profit or loss		33	35
Total non-current assets		46,619	69,215
Total assets		55,543	78,789
Liabilities			
Current liabilities			
Trade and other payables		5,365	4,844
Contract liabilities		319	326
Employee entitlements		394	374
Borrowings	5	14,823	74,861
Convertible notes	6	124	511
Total current liabilities		21,025	80,916
Non-current liabilities			
Employee entitlements		220	180
Borrowings	5	15	286
Convertible notes	6	-	182
Total non-current liabilities		235	648
Total liabilities		21,260	81,564
Net assets/(liabilities)		34,283	(2,755)
Equity			
Issued capital	7	197,317	187,951
Reserves	8	2,404	1,092
Accumulated losses		(165,438)	(191,818)
Total equity/(deficiency)		34,283	(2,775)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Issued capital \$'000	Share based payments reserve \$'000	Other reserves \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity/(Net deficiency) \$'000
Balance at 1 July 2024	182,899	438	80	(24)	(169,472)	13,921
Loss after income tax expense for the half-year	-	-	-	-	(10,698)	(10,698)
Other comprehensive loss for the half-year, net of tax	-	-	-	(193)	-	(193)
Total comprehensive loss for the half-year	-	-	-	(193)	(10,698)	(10,891)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares relating to capital raise (note 7)	2,256	-	-	-	-	2,256
Vesting charge for share-based payments (note 8)	-	31	-	-	-	31
Issue of shares on conversion of convertible notes (note 6)	1,082	-	-	-	-	1,082
Transaction costs associated with issuing equity	(77)	-	-	-	-	(77)
Balance at 31 December 2024	186,160	469	80	(217)	(180,170)	6,322
Balance at 1 July 2025	187,951	520	576	(5)	(191,817)	(2,775)
Profit after income tax expense for the half-year	-	-	-	-	26,379	26,379
Other comprehensive loss for the half-year, net of tax	-	-	-	(3)	-	(3)
Total comprehensive profit for the half-year	-	-	-	(3)	26,379	26,376
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares and options relating to capital raise (notes 7 and 8)	9,000	-	1,455	-	-	10,455
Transfer	-	(60)	60	-	-	-
Vesting charge for share-based payments (note 8)	-	69	-	-	-	69
Conversion of convertible notes (note 6)	877	-	(208)	-	-	669
Issue of shares in lieu of interest	201	-	-	-	-	201
Transaction costs associated with issuing equity	(712)	-	-	-	-	(712)
Balance at 31 December 2025	197,317	529	1,883	(8)	(165,438)	34,283

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	31 December	
		2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from customers		5,177	7,155
Payments to suppliers and employees		(6,860)	(11,061)
Interest received		6	-
Other income - R&D tax incentive rebate		1,777	1,965
Interest and other finance costs paid		(111)	(2,595)
Net cash used in operating activities		(11)	(4,536)
Cash flows from investing activities			
Payments for property, plant and equipment	4	(104)	(68)
Net cash used in investing activities		(104)	(68)
Cash flows from financing activities			
Proceeds from issue of shares	7	9,000	2,029
Proceeds from borrowings		9,560	2,690
Share issue transaction costs		(712)	(77)
Finance lease repayments		(57)	-
Repayment of borrowings		(16,731)	(1,618)
Net cash from financing activities		1,060	3,024
Net increase/(decrease) in cash and cash equivalents		945	(1,580)
Cash and cash equivalents at the beginning of the financial half-year		10	1,640
Cash and cash equivalents at the end of the financial half-year		955	60

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by Cann Group Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Australian Securities Exchange Listing Rule 3.1.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of the financial assets and liabilities at fair value through the profit and loss.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Rounding of amounts

The Group is of a kind referred to in Corporation instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding off". Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New or amended Accounting Standards and Interpretation adopted

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of The Group's annual consolidated financial statements for the year ended 30 June 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Research and development tax refund

The Group has a dedicated research facility which is used for all the research and development activities in conjunction with all the other research and development activities carried out with other research partners. Expenses on all the research and development activities are claimed back by the Group by filing an annual return with the government under the Income Tax Act 1997. The research and development tax refund is recognised as income in the books when it is received or the right to receive the incentive is certain.

Going concern

The Consolidated Group, while producing a profit of \$26.4 million for the half year ended 31 December 2025 (31 December 2024: \$10.9 million loss) and a net cash outflow from operating activities of \$11 thousand (31 December 2024: \$4.5 million), the Consolidated Group produced a trading loss of \$2.4 million. In addition, the Group was in technical breach of a loan covenant at balance date. These events or conditions indicate a material uncertainty which may cast doubt as to whether the Group will continue as a going concern.

The breach relates to the minimum shareholder funds covenant under the Company's borrowing facility as at 31 December 2025, which was impacted by the impairment recognised during the period. The lender had been informed of the anticipated impairment prior to execution of the refinancing facility.

Subsequent to the reporting period, the Company was also temporarily in breach of the minimum cash reserve covenant of \$250,000 between 2 February 2026 and 11 February 2026. This position has since been remedied and the lender has been notified.

The Company received a formal waiver from the lender on 26 February 2026 in respect of the minimum shareholder funds covenant breach.

The Directors believe there are reasonable grounds to expect the Group will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report, despite a material uncertainty existing as at 31 December 2025, and therefore continue as a going concern, after consideration of a range of factors, not limited to, but including the following:

- The Company had \$454,107 in cash and cash equivalents and borrowings available to it on 26 February 2026.

Note 1. Material accounting policy information (continued)

- The Company is eligible to apply for the annual R&D Tax Credit cash refund for FY 2026, as it has done in prior years. This refund is expected to be at least \$700,000 and is typically received in September. In addition, the Company can secure an advance against this refund of up to 80%, at an interest rate of 15%, as it did in prior two years.

- The Company has received multiple convertible note term sheets, ranging from \$750,000 to \$1million, which it intends to pursue in the very near term to support working capital requirements.

- The Company currently has 830,217,391 listed options on issue with an exercise price of 1.15 cents. Should these be exercised, it would generate an additional \$9.5 million of new capital. The Company's share price is 0.8c per share (as of 26 February 2026).

- The Company remains focused on expanding its B2B bulk flower business and secured purchase orders which will generate revenue and cash flow in the second half of the financial year. In addition, the Company is dedicated to ensuring a consistent supply of its Botanitech range of products to Australian patients through its network of distributors and consignees. New and refined products continue to be introduced to patients and is expected to continue revenue growth over the next 12 months through additional product formats and growing customer demand.

- The Company continues to extract efficiencies across the entire business, building on the structural savings achieved over the past 18 months. It has also improved gross margins of its product driven by scale and efficiencies in the product mix.

The Directors have prepared cash flow forecasts that indicate that the Consolidated Group will have sufficient cash flows to meet its commitments for a period of at least 12 months from the date of this report. These forecasts assume the successful completion of the convertible note offering mentioned above.

Based on the cash flow forecast, which include the monitoring of operational costs, the Directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the settlement of liabilities in the ordinary course of business.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Key judgments - non-recognition of carry forward tax losses

The balance of the offset to future income tax benefit estimated is \$1.92 million (30 June 2025 benefit of \$8.51 million) arising from current half year tax profits of \$6.32 million (30 June 2025 loss of \$33.71 million) and timing differences has not been recognised as an asset because it is not clear when the losses will be recovered. The cumulative future income tax benefit estimated to be \$20.76 million which has not been recognised as an asset, will only be obtained if:

- (i) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised.
- (ii) the Group continues to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affecting the Company realising the benefit.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Key judgments - recognition of research and development tax incentive benefits

The Group is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claims lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and clawback those prior claims, potentially with penalties. Such a finding may occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the Company consider that such a negative review has a remote likelihood of occurring.

At the half year, no asset has been recognised in respect of the research and development tax incentive arising from the operations of the Group. It is likely that an asset will be recognised at the full financial year end as at 30 June 2026. The research and development tax incentive will only be obtained if:

- i) the Group's activities fulfill the eligibility criteria of the research and development tax initiative, and it is successful in registering for the research and development tax incentive;
- ii) the Group continues to comply with the conditions for registration of the research and development tax initiative imposed by law, and:
- iii) no changes in tax legislation occur that adversely affect the Group realising the tax incentive from research and development.

Key judgements - provision for write down of inventories

The provision for the write down of inventories assessment requires a degree of estimation and judgement. The level of the write down is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Key judgments - impairment of property, plant and equipment

The Group assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the Group 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.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received. Transaction costs associated with the establishment of borrowings are recognised as an expense when incurred. Borrowings are subsequently carried at the outstanding principal balance, with interest expense recognised in profit or loss as incurred in accordance with the terms of the borrowing arrangements.

When borrowings have conversion clauses that entitle the investor to a variable number of shares, at initial recognition an embedded derivative is recognised separately on the statement of financial position at fair value and thereafter is recognised at fair value with changes in fair value taken to the profit or loss. The underlying host contract is separated from the embedded derivative at initial recognition and thereafter measured at amortised cost, using the effective interest method.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Convertible notes

The Group has convertible notes (CN) on issue at the reporting date, including the CN host debt and the CN embedded derivative. The determination of the fair value of the host debt and embedded derivative is based on certain assumptions, including but not limited to the expected execution of the conversion elements of the CNs, the Company's share price used to calculate the daily volume weighted average prices (VWAPs) during the 15 trading days prior to maturity, volatility and those macroeconomic factors which influence the aforementioned inputs

Estimation of useful lives of assets

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

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 Group 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.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are regularly reviewed by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The Group operates in one operational sector and has identified only one reportable segment being cultivation of medicinal cannabis and further processing into manufactured medicinal cannabis products, as well as the corporate office. The majority of the Group's assets are held within Australia.

Note 3. Other income

	31 December 2025 \$'000	31 December 2024 \$'000
Government grants and incentives	130	-
Interest income	6	-
Other income	<u>136</u>	<u>-</u>

Note 4. Property, plant and equipment

	31 December 2025 \$'000	30 June 2025 \$'000
<i>Non-current assets</i>		
Land and buildings - at cost	76,635	77,062
Less: Accumulated depreciation	(10,616)	(9,799)
Less: Impairment	(27,198)	(14,730)
	<u>38,821</u>	<u>52,533</u>
Freehold improvements - at cost	476	476
Less: Accumulated depreciation	(426)	(425)
	<u>50</u>	<u>51</u>
Plant and equipment - at cost	40,910	41,561
Less: Accumulated depreciation	(21,692)	(20,043)
Less: Impairment	(11,920)	(5,396)
	<u>7,298</u>	<u>16,122</u>
Fixtures and fittings - at cost	894	894
Less: Accumulated depreciation	(585)	(533)
	<u>309</u>	<u>361</u>
Computer equipment - at cost	582	582
Less: Accumulated depreciation	(572)	(565)
	<u>10</u>	<u>17</u>
Capital work in progress	95	85
	<u><u>46,583</u></u>	<u><u>69,169</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Land and Buildings \$'000	Freehold improvements \$'000	Plant and equipment \$'000	Fixtures and fittings \$'000	Computer equipment \$'000	Capital work in progress \$'000	Total \$'000
Balance at 1 July 2025	52,533	51	16,122	361	17	85	69,169
Additions	-	-	-	-	-	59	59
Disposals	-	-	(18)	-	-	-	(18)
Transfers in/(out)	-	-	49	-	-	(49)	-
Impairment of assets	(12,468)	-	(6,524)	-	-	-	(18,992)
Depreciation expense	(1,244)	(1)	(2,331)	(52)	(7)	-	(3,635)
Balance at 31 December 2025	<u><u>38,821</u></u>	<u><u>50</u></u>	<u><u>7,298</u></u>	<u><u>309</u></u>	<u><u>10</u></u>	<u><u>95</u></u>	<u><u>46,583</u></u>

As at 31 December 2025, the directors assessed the fair value of property, plant and equipment as part of the Mildura CGU as part of its periodic value-in-use discounted cashflow model assessment. Applying this model the total value of the property, plant and equipment assessed was \$46.26 million. Accordingly, an impairment charge of \$18.99 million was applied to the assets of the CGU.

During the period \$0.52 million was reclassified from CWIP to Intangibles.

Note 5. Borrowings

	31 December 2025 \$'000	30 June 2025 \$'000
<i>Current liabilities</i>		
NAB Working Capital facility ⁽ⁱ⁾	-	15,600
NAB Construction facility ⁽ⁱ⁾	-	52,117
Refinance loan ⁽ⁱⁱ⁾	14,778	-
Short term loans	-	5,839
Other borrowings ⁽ⁱⁱⁱ⁾	45	129
R&D tax incentive loan advance	-	1,176
	<u>14,823</u>	<u>74,861</u>
<i>Non-current liabilities</i>		
Chattel mortgages	<u>15</u>	<u>286</u>

(i) Debt Forgiveness

During the half year, the Group executed a forbearance and settlement deed with its primary lender at that time, whereby the lender agreed to release all security, including by discharging or real property mortgages that it held, released the Group from any remaining liabilities under the facilities, and close all loan facilities, in consideration of a payment of \$15.3 million. Consequently the Group recognised gain on debt forgiveness of \$55.69 million in full and final settlement of the borrowing.

On 11 December 2025 Cann executed a facility agreement with a prominent Australian private credit fund to provide a secured debt facility of \$14.778 million. This effectively rolled over the pre-existing debt of \$5.458 million and an additional \$9.145 million was drawn. The principal is subject to 12.5% interest per annum, with 9.5% payable monthly in arrears and 3% capitalised, and the facility has a maturity date of 12 December 2027.

(ii) Refinance Loan

On 11 December 2025 Cann executed a facility agreement with a prominent Australian private credit fund to provide a secured debt facility of \$14.778 million. This effectively rolled over the pre-existing debt of \$5.458 million and an additional \$9.145 million was drawn. The principal is subject to 12.5% interest per annum, payable monthly in arrears and the facility date has a maturity date of 12 December 2027.

At 31 December 2025, the Company was in technical breach of the minimum shareholder funds covenant under the facility. As a result, the borrowings have been classified as a current liability.

Subsequent to the reporting period, the Company was temporarily in breach of the minimum cash reserve covenant of \$250,000 between 2 February 2026 and 11 February 2026. This position has since been remedied.

The lender has provided a formal waiver on 26 February 2026 in respect of the minimum shareholder funds covenant breach.

The facility is secured over Cann's Mildura property. In addition to the monthly interest, the Facility has a \$144,500 arranger fee with customary legal costs.

(iii) Other borrowings

On 16 December 2025, Cann entered into a short-term finance arrangement with a local lender to fund its insurance obligations. The initial balance payable was \$0.06 million payable monthly in arrears until 31 July 2026. The balance outstanding at 31 December 2025 was \$0.04 million.

Note 6. Convertible notes

	31 December 2025 \$'000	30 June 2025 \$'000
Carrying amount of convertible notes		
Current liabilities		
Convertible note - host liability at amortised cost	98	241
Convertible note - fair value of embedded derivative	26	269
	<u>124</u>	<u>510</u>
Carrying amount		
Non current liabilities		
Convertible note - host liability at amortised cost	-	182
Convertible note - fair value of embedded derivative	-	-
	<u>-</u>	<u>182</u>
Carrying amount		
Total convertible note and associated derivative liabilities	<u>124</u>	<u>692</u>

Reconciliation of movements in convertible notes:

	31 December 2025 \$'000	30 June 2025 \$'000
Opening balance at the start of the six-month period	692	1,277
Proceeds received on issue	-	750
Cost of issuance of convertible notes	-	(65)
Equity instruments issued	-	(365)
Transfer derivative liability from reserves	208	-
Amortisation (interest charge)	96	70
Foreign exchange adjustment	(4)	-
Revaluation of derivative on conversion dates	9	-
Conversion into equity	(877)	(975)
	<u>124</u>	<u>692</u>

Initial Note

On 21 November 2023, the Company entered into a funding arrangement through an unsecured Convertible Note with Obsidian Global GP, LLC ('Noteholder'). The funding arrangement has an aggregate limit of up to \$15 million.

On 27 November 2023, the Company issued 1,322,200 Convertible Notes to Obsidian Global GP, LLC at a face value of US\$1.15 per convertible note as at 27 November 2023, in respect of which the Company received \$2 million gross proceeds at the time of issue.

The convertible notes can be converted into shares on the following terms being the lesser of 92% of the average of the 3 lowest daily VWAPs during the 15 Actual Trading Days prior to the relevant Conversion Notice Date, rounded down to the lowest \$0.001; and \$0.1998.

Note 6. Convertible notes (continued)

On 1 March 2024 ("Default Date") the Group triggered an Event of Default due to its suspension from trading on the ASX. This triggered an increase in the Notes' face value by 10% (US\$1.15 to US\$1.265), default conversion price (being the lesser of the premium conversion price and 80% of the lowest daily VWAP during the 10 actual days prior to the conversion date), and the default interest clause of the facility.

As at 31 December 2025, the Company had no notes outstanding from this initial convertible note issue (30 June 2025: 126,963 notes).

Second Purchase

On 27 February 2025, the Company agreed to a \$750,000 drawdown on its Convertible Note facility with Obsidian Global GP, LLC ("Noteholder"). The Facility Agreement was amended such that proceeds were received in two tranches, \$150,000 on 5 March 2025 and \$600,000 on 18 March 2025.

On 6 March 2025, the Company issued 95,550 Convertible Notes and on 21 March 2025 issued 385,260 Convertible Notes (480,810 in total) to Obsidian Global GP, LLC for proceeds of US\$1 per convertible note, and a face value of US\$1.15 per convertible note.

The convertible notes can be converted into shares on the following terms being the lesser of 92% of the average of the 3 lowest daily VWAPs during the 15 Actual Trading Days prior to the relevant Conversion Notice Date, rounded down to the lowest \$0.001; and \$0.05.

As at 31 December 2025, the Company has 80,810 convertible notes outstanding from this second purchase convertible note issue (30 June 2025: 480,810 notes). The balance of 80,810 convertible notes was converted into shares on 8 January 2026.

Conversions

For the half-year ended 31 December 2025, 526,963 notes have been redeemed for the issue of 104,249,187 ordinary shares. Shares issued in the Half Year are as detailed in note 7.

Note 7. Issued capital

	31 December 2025 Shares	30 June 2025 Shares	31 December 2025 \$'000	30 June 2025 \$'000
Ordinary shares - fully paid	<u>1,570,812,662</u>	<u>636,176,155</u>	<u>197,317</u>	<u>187,951</u>

Note 7. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2025	636,176,155		187,951
Shares issued under conversion of Convertible Notes	8 July 2025	15,130,872	\$0.00826	125
Shares issued under conversion of Convertible Notes	3 September 2025	12,306,575	\$0.00983	121
Shares issued under conversion of Convertible Notes	25 September 2025	11,546,780	\$0.00982	113
Shares issued under conversion of Convertible Notes	26 September 2025	28,414,222	\$0.00982	279
Shares issued under share placement	31 October 2025	120,395,238	\$0.01150	1,384
Shares issued under conversion of Convertible Notes	14 November 2025	6,116,623	\$0.00995	61
Shares issued under share purchase plan	24 November 2025	127,597,050	\$0.01000	1,276
Shares issued under conversion of Convertible Notes	2 December 2025	4,517,749	\$0.00995	44
Shares issued under a share purchase plan shortfall	3 December 2025	122,402,950	\$0.01000	1,224
Shares issued under a share placement	3 December 2025	444,822,153	\$0.01150	5,115
Shares issued for capitalisation of interest	5 December 2025	15,169,929	\$0.01309	201
Shares issued under conversion of Convertible Notes	10 December 2025	10,915,924	\$0.00796	86
Shares issued under conversion of Convertible Notes	23 December 2025	15,300,442	\$0.00740	113
Transaction costs associated with share placements and share purchase plan				(712)
Correction to fair value accounting of shares issued on conversion of Convertible Notes from June 2025 to December 2025				(64)
Balance	31 December 2025	<u>1,570,812,662</u>		<u>197,317</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 8. Reserves

	31 December 2025 \$'000	30 June 2025 \$'000
Foreign currency reserve		
Share-based payments reserve	(8)	(5)
Convertible note reserve	2,035	520
	127	335
Other reserve	250	242
	<u>2,404</u>	<u>1,092</u>

The increase to the share-based payments reserve is due to vesting charges from performance rights issued in the prior period (\$69,000) and the options placement on 23 December 2025 (\$1.45 million).

Note 9. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2025				
<i>Assets</i>				
Ordinary shares	33	-	-	33
Total assets	18	-	-	18
<i>Liabilities</i>				
Convertible notes - embedded derivative	-	-	26	26
Total liabilities	-	-	26	26
30 June 2025				
<i>Assets</i>				
Listed shares	35	-	-	35
Total assets	35	-	-	35
<i>Liabilities</i>				
Convertible notes - embedded derivative	-	-	269	269
Total liabilities	-	-	269	269

Note 9. Fair value measurement (continued)

A valuation of the fair value of the Special Purchase convertible note derivatives was conducted on 31 December 2025 and was \$0.26 million.

The embedded derivative financial instrument has been valued using available market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

There were no transfers between levels during the financial period.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Level 3 assets and liabilities

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 10. Contingent liabilities and Capital Commitments

The Group does not have any contingent liabilities at 31 December 2025.

Note 11. Events after the reporting period

On 7 January 2026, the final 80,810 convertible notes were converted for 17,554,003 ordinary shares at \$0.009 per share.

Between 2 February 2026 and 11 February 2026, the Company was temporarily in breach of the minimum cash reserve covenant of \$250,000 under its borrowing facility. The position has since been remedied and the lender was notified.

On 26 February 2026, the Company received a formal waiver from its lender in respect of the minimum shareholder funds covenant breach as at 31 December 2025.

Note 12. Earnings per share

	31 December 2025 \$'000	31 December 2024 \$'000
Profit / (Loss) after income tax	<u>26,378</u>	<u>(10,698)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>837,821,126</u>	<u>478,972,354</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>837,821,126</u>	<u>478,972,354</u>
	Cents	Cents
Basic earnings per share	3.15	(2.23)
Diluted earnings per share	3.15	(2.23)

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



27 February 2026

Independent Auditor's Review Report

To the members of CANN Group Limited and its controlled entities

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of CANN Group Limited and its controlled entities ("Group"). 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 Group is not in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the group's financial position as at 31 December 2025 and of its performance for the Half-year ended on that date; and
- Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The Half-year Financial Report comprises:

- Consolidated statement of financial position as at 31 December 2025;
- 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;
- Notes 1 to 12 comprising a summary of material accounting policies and other explanatory information; and
- The Directors' Declaration.

Basis for Conclusion

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of the 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 Half-year Financial Report section of our report. We are independent of the group 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 (including Independence Standards) (the Code) 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.

Emphasis of Matter - Material uncertainty related to going concern

We draw attention to Note 1 of the financial report which notes that the Consolidated Group, while producing a profit of \$26.4 million for the half year ended 31 December 2025 (31 December 2024: \$10.9 million loss) and a net cash outflow from operating activities of \$11 thousand (31 December 2024: \$4.5 million), the Consolidated Group produced a trading loss of \$3.8 million. In addition, the Group was in technical breach of a loan covenant at balance date. These events or conditions indicate a material uncertainty which may cast doubt as to whether the Group will continue as a going concern.

The breach relates to the minimum shareholder funds covenant under the Company's borrowing facility as at 31 December 2025, which was impacted by the impairment recognised during the period. The lender had been informed of the anticipated impairment prior to execution of the refinancing facility.

Subsequent to the reporting period, the Company was also temporarily in breach of the minimum cash reserve covenant of \$250,000 between 2 February 2026 and 11 February 2026. This position has since been remedied and the lender has been notified.

The Company received a formal waiver from the lender on 26 February 2026 in respect of the minimum shareholder funds covenant breach.

The Directors believe there are reasonable grounds to expect the Group will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report, despite a material uncertainty existing as at 31 December 2025, and therefore continue as a going concern, after consideration of a range of factors, not limited to, but including the following:

- The Company had \$454,107 in cash and cash equivalents and borrowings available to it on 26 February 2026.
- The Company is eligible to apply for the annual R&D Tax Credit cash refund for FY 2026, as it has done in prior years. This refund is expected to be at least \$700,000 and is typically received in September. In addition, the Company can secure an advance against this refund of up to 80%, at an interest rate of 15%, as it did in prior two years.
- The Company has received multiple term sheets for a \$1million convertible note offering, which it intends to pursue in the very near term to support working capital requirements.
- The Company currently has 830,217,391 listed options on issue with an exercise price of 1.15 cents. Should these be exercised, it would generate an additional \$9.5million of new capital. The Company's share price is 0.7c per share (as of 25 February 2026).
- The Company remains focused on expanding its B2B bulk flower business and secured purchase orders which will generate revenue and cash flow in the second half of the financial year. In addition, the Company is dedicated to ensuring a consistent supply of its Botanitech range of products to Australian patients through its network of distributors and consignees. New and refined products continue to be introduced to patients and is expected to continue revenue growth over the next 12 months through additional product formats and growing customer demand.

- The Company continues to extract efficiencies across the entire business, building on the structural savings achieved over the past 18 months. It has also improved gross margins of its product driven by scale and efficiencies in the product mix.

The Directors have prepared cash flow forecasts that indicate that the Consolidated Group will have sufficient cash flows to meet its commitments for a period of at least 12 months from the date of this report. These forecasts assume the successful completion of the convertible note offering mentioned above.

Based on the cash flow forecast, which include the monitoring of operational costs, the Directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the settlement of liabilities in the ordinary course of business.

These events or conditions, along with other matters detailed in the note, indicate the existence of material uncertainty. If these events or conditions are not completed, and within the timeframes forecast, whether the Group is able to continue as a going concern and therefore realise its assets and settle its liabilities in the ordinary course of business is uncertain.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Carrying Value of Property, Plant and Equipment

We draw attention to Note 2 - Key judgments – impairment of property, plant and equipment and Note 4 – Property, plant and equipment, of the financial statements, which states that the directors conducted a fair valuation assessment on the property, plant and equipment held at the Group's Mildura facility and an impairment charge of \$18.99 million was applied. The valuation approach employed was based upon a discounted cash flow model. The recoverable amount was based on value-in-use.

Should the key assumptions of the discounted cash flow model not be achieved, or within the timeframe forecasted, then the value-in-use of the entire asset class may not hold and be subject to further adjustment.

Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-year 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 Corporations Act 2001
- For such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year 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 group's financial position as at 31 December 2025 and its performance for the half-year ended on that date; and complying with Australian 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.

Connect National Audit

CONNECT NATIONAL AUDIT PTY LTD
Authorised Audit Company No. 521888



George Georgiou FCA
MANAGING DIRECTOR
27 February 2026