CANN
GROUP LIMITED

ASX ANNOUNCEMENT
FY26 Results

Transformational Re-set of Cann Cost and Capital Base & Export Pathways

Highlights

- **Statutory net profit after tax of $20.3 million (FY25: $22.3 million loss)**
- **Balance sheet reset completed: $70.6 million of bank debt settled for $15.3 million, generating a $55.3 million gain on debt forgiveness; net assets of $29.1 million (FY25: net deficiency of $2.8 million)**
- **Operating costs before depreciation down 34% to $14.7 million, with an H2 exit run-rate of approximately $12 million annualised underpinning a lower FY27 cost base; operating cash outflows improve by $8.3 million (86%) to $1.3 million**
- **EBITDA (normalised)[1] loss improves by $1.4 million (27%) to $3.7 million**
- **First export revenue recorded: United Kingdom sales of $1.0 million; international sales now 16% of revenue**
- **$9.0 million (before costs) of new equity raised via placements and a share purchase plan, strongly supported by new and existing shareholders**
- **A very strong start to FY27, led by export order deliveries, with export revenue remaining strong into August.**

31 August 2026 – Cann Group Limited (ASX: CAN) (**Cann** or the **Company**) today released its financial results for the financial year ended 30 June 2026.

> *"FY2026 was the year Cann's balance sheet was rebuilt to match the operating reset delivered in FY2025. The settlement of our bank facilities, a new debt facility, strong support for our equity raising and continued cost discipline have taken the Group from a $2.8 million net deficiency to $29.1 million of net assets, and cut operating cash outflows to near breakeven.*
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> *Commercially, the year marked our first export sales, with the United Kingdom now a meaningful market and further export pathways in advanced development. Just as importantly, the strategic value of what we own has been repriced: around the world, major cannabis operators are now competing to secure GMP-certified cultivation and manufacturing capacity, evidenced by a series of recent international acquisitions and bids for certified facilities, as European markets, led by Germany, increasingly mandate pharmaceutical-grade, GMP-produced flower.*
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> *Cann owns one of the largest GMP-certified medicinal cannabis cultivation and manufacturing facilities in the Southern hemisphere at Mildura, with substantial expansion capacity already under glass. With that asset, a right-sized cost base and a substantially de-levered balance sheet, Cann has entered FY2027 with real momentum (a very strong start led by export deliveries) and we are focused on converting that growth into a cash-generative business for our shareholders."*

Mike Ryan, Executive Chairman.

[1] Earnings Before Interest, Tax, Depreciation & Amortisation, and excluding the gains on debt forgiveness and on settlement of trade creditor balances, and impairment charges on property, plant & equipment, inventories and investments.

FY26 Financial Performance

Sales

Revenue from customer contracts was $8.56 million (FY25: $11.30 million), a decrease of $2.74 million, reflecting continued pricing pressure in the domestic dried flower market and the Company's decision to prioritise margin and cash conversion over volume in low-priced bulk channels. Dried flower remained the core of the business at $7.7 million (90% of revenue), with oils contributing $0.5 million.

The standout development of the year was the commencement of export sales. The United Kingdom generated $1.0 million of revenue in its first year, New Zealand sales grew to $0.36 million (FY25: $0.06 million), and international sales together represented 16% of revenue. The customer base also broadened, with three customers each contributing more than 10% of revenue (FY25: one).

FY27 current trading

The momentum built in the second half of FY26 has accelerated into the new financial year, and the Company has made a very strong start to FY27. Unaudited July revenue was well ahead of the comparable period of FY26, driven by export order deliveries and continued growth in domestic dried flower sales, and export revenue has remained strong in August. The Company expects to update the market on FY27 trading as the year progresses.

Expenditure

Operating costs before depreciation (administration and corporate, direct production and employee costs) decreased by $7.5 million (34%) to $14.7 million (FY25: $22.2 million), the second consecutive year of material cost reduction. Direct production costs fell by $4.4 million (55%) to $3.7 million, employee costs by $2.5 million (26%) to $7.1 million and administration and corporate costs by $0.5 million (12%) to $4.0 million, reflecting the completion of the Company's organisational restructure, disciplined procurement and lower insurance and corporate overheads.

Second-half cost run-rate

The full benefit of the cost reset landed progressively through the year, and the second half provides the clearest guide to the Company's cost base entering FY2027:

	H1 FY26	**H2 FY26**[2]	**FY26**	**Change %**[4]
	$'000	**$'000**	**$'000**	
Revenue from customer contracts	4,521	4,042	8,563	(10.6%)
Administration and corporate costs[3]	(2,044)	(1,955)	(3,999)	(4.4%)
Direct production costs[3]	(1,101)	(821)	(1,922)	(25.4%)
Employee costs	(3,869)	(3,238)	(7,107)	(16.3%)
Operating costs before depreciation, inventory write-down and R&D	**(7,014)**	**(6,014)**	**(13,028)**	**(14.3%)**
Research and development benefit/(costs)[3]	–	41	41	n/m
Inventory write-down[3]	–	(1,737)	(1,737)	n/m
Operating costs before depreciation	**(7,014)**	**(7,710)**	**(14,724)**	**+9.9%**
Depreciation and amortisation	(3,642)	(2,215)	(5,857)	(39.2%)
Total operating expenses	**(10,656)**	**(9,925)**	**(20,581)**	**(6.9%)**

[2] H2 FY26 derived as the FY26 full-year result less the reviewed H1 FY26 interim result.

[3] Administration and corporate costs are shown on the FY26 statutory allocation basis for both halves, per the Group trial balance (H1 $2,044k / H2 $1,955k; the H1 interim report presented $1,676k on the previous allocation), and H1 direct production costs are derived on the same basis. The inventory write-down ($1.7 million, recognised in H2) and the research and development incentive benefit ($41k, H2) are absorbed within direct production costs and administration and corporate costs respectively in the statutory accounts and are shown as separate lines here.

[4] H2 FY26 versus H1 FY26; n/m: not meaningful.

Excluding the year-end inventory write-down and the R&D incentive benefit, operating costs before depreciation reduced from $7.0 million in H1 to $6.0 million in H2, a 14% half-on-half reduction: administration and corporate costs were broadly flat (down 4%), direct production costs fell 25% and employee costs fell 16% as the organisational restructure completed, insurance costs re-set and lower corporate overheads took full effect. Depreciation and amortisation fell 39%. The H2 exit run-rate represents annualised operating costs before depreciation of approximately $12 million, some $2.7 million below the $14.7 million reported for FY26 as a whole. It is this run-rate, together with a full year of materially lower interest costs following the December 2025 refinancing, that underpins the Company's FY2027 cost expectations.

EBITDA (normalised)[1]

EBITDA (normalised) improved by $1.4 million, or 27%, over FY25 to a loss of $3.7 million. This improvement is attributable to the reduction in operating expenditure discussed above, partially offset by lower revenue. The Company exited the year at a materially better run-rate than the full-year figure implies, underpinned by the reset cost base and interest savings from the refinancing.

Result after tax

The statutory result was a net profit after tax of $20.3 million (FY25: loss of $22.3 million). The statutory result includes a number of significant non-recurring items: a $55.3 million gain on the forgiveness of bank debt, a $0.3 million gain on settlement of trade creditor balances, a $19.0 million non-cash impairment of property, plant and equipment at the Mildura facility, and a $1.7 million write-down of inventories (FY25: $3.9 million).

Excluding these items, the normalised loss after tax was approximately $14.7 million (FY25: $18.5 million on a comparable basis), an improvement of 20%.

Cash flow and balance sheet

Operating cash outflows improved by $8.3 million (86%) to $1.3 million (FY25: $9.6 million), driven by the lower cost base and a $4.9 million reduction in cash interest costs following the settlement of the Company's bank facilities. Net assets at 30 June 2026 were $29.1 million, compared with a net asset deficiency of $2.8 million at 30 June 2025, and current liabilities reduced from $80.9 million to $7.3 million following the debt restructure.

Manufacturing and Cultivation

Production Output and Efficiency

Cann produced 4.6 tonnes of dried flower (trimmed) in FY26, with the Mildura facility operating at near half fitted capacity throughout the year. Focus shifted from volume growth to quality, consistency and cost per gram, in support of the Company's premium domestic and export positioning. FY27 expectations, based on forward orders, inventory management and market conditions, suggest a material increase in volume and operating leverage.

Operational Improvements

During the latter part of FY2026, the Company completed a review of its quality assurance and quality control processes, commenced the migration of its ERP and seed-to-sale systems to a modern cloud platform, and implemented a workforce cost management program aligned to the reset cost base. Inventory management was substantially overhauled, including a rationalisation of legacy stock holdings and a redesigned stocktake methodology, improving both compliance efficiency and working capital discipline.

Export Readiness

Significant work was undertaken during the year to qualify Cann's dried flower for export markets, including meeting United Kingdom customer specifications, progressing European Union market access requirements and advancing microbial specification work for non-irradiated flower formats. The Company's GMP-certified manufacturing capability at Mildura positions it strongly as European markets increasingly require certified capacity.

Contract Packing and White Label

The Company continued to develop its contract packing and white-label capability, leveraging its automated packing lines to provide GMP-compliant packing services and support capacity utilisation.

Research & Development

The Company's R&D program continued at the Mildura facility, focused on cultivar selection and commercial evaluation, tissue culture for disease-free mother stock replenishment, and yield and quality optimisation. An R&D tax incentive of $0.6 million was recognised for the year.

Financing

FY2026 was transformational for the Company's capital structure. On 15 December 2025, Cann executed a settlement deed with National Australia Bank under which total indebtedness of $70.6 million was discharged for a payment of $15.3 million, with all security released. The settlement was funded by a new $15.4 million facility with an Australian private credit fund (maturing December 2027) and by equity raisings.

During the year the Company raised $9.0 million (before costs) of new equity through share placements ($6.5 million) and a share purchase plan ($2.5 million), which was strongly supported by both existing and new shareholders.

Subsequent to year end, on 3 July 2026 the Company redeemed in full its outstanding convertible securities, funded by a $2.0 million increase in its debt facility, simplifying the capital structure and removing conversion-related dilution.

Authorised for release by the Board of Directors of Cann Group Limited.

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About Cann Group

Cann Group Limited (ABN 25 603 949 739) is enhancing patients' lives by developing, producing, and supplying innovative cannabis medicines. The Company operates a state-of-the-art large-scale cultivation and GMP manufacturing facility, with integrated research capability, near Mildura, Victoria. Through its Botanitech and Mallee Bloom brands, together with bulk and white label, Cann Group supplies a range of dried flower, oil, vape and edible medicinal cannabis products to customers in Australia and around the world.

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