

ANNUAL
REPORT
2026

CANN
GROUP LIMITED

Restructured. Refocused. Ready to Grow





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Letter from the Interim Executive Chairman

Dear Shareholders,

FY2026 was the year Cann Group was rebuilt. Twelve months ago the Company carried \$80.9 million of current liabilities, more than \$70 million of bank debt and a cost base out of proportion to its revenue. Today it has net assets of \$29.0 million, a cost base reduced for the second consecutive year and, for the first time, customers outside Australia. There is more work to do, and I will be plain about it, but the foundations are now in place.

A reset balance sheet

In December 2025 we settled with NAB, discharging \$70.6 million of indebtedness for a cash payment of \$15.3 million, with all security released. The settlement was funded by a new two-year facility with an Australian private credit fund and \$9.0 million of new equity, and I thank the existing and new shareholders who supported those raisings. The outcome was a \$55.7 million gain on debt forgiveness, a statutory profit after tax of \$20.6 million (FY2025: loss of \$22.3 million) and a swing from a net deficiency of \$2.8 million to net assets of \$29.0 million. Current liabilities fell from \$80.9 million to \$7.3 million, and shortly after year end we redeemed the remaining convertible notes in full.

Shareholders should read the statutory profit for what it is: a one-off. Excluding the debt forgiveness, impairment and write-downs, the normalised loss after tax was \$14.7 million, 21% better than last year. That is progress, not yet success.

Cost discipline and cash

Operating expenses fell 30% to \$12.8 million, on top of a similar reset the year before. Employee costs fell 26% and direct production costs 55%. Most importantly, operating cash outflow improved from \$9.6 million to \$1.3 million, an 86% improvement. The second half is the clearest guide to the cost base we carry into FY2027, with an annualised exit run-rate of approximately \$11.5 million.

Revenue and the move to export

Revenue declined 24% to \$8.6 million. Part of that was the market, with domestic dried flower prices still under pressure from imported flower, and part was deliberate: we chose margin and cash over volume in low-priced bulk channels. The standout development of the year was export. Sales to the United Kingdom generated \$1.0 million in their first year, New Zealand grew to \$0.4 million, and international sales reached 16% of revenue. Three customers each contributed more than 10% of revenue, compared with one a year earlier. That momentum has continued into the first quarter of FY2027, led by export sales.

Mildura: a certified asset with room to grow

Mildura is an EU-GMP certified facility of approximately 33,300 m² under glass, of which around 6,600 m² is fitted out; production currently uses roughly 15% of the footprint. Changes to German regulatory settings during the year lifted demand for GMP certified cultivation and manufacturing capacity, and transactions across the sector have shown that the market ascribes real value to certified capacity, including space not yet fitted out. A \$19.0 million non-cash impairment was recognised at the half year; at year end the directors' fair value assessment supported the carrying value with no further impairment. Our task now is to convert that certified capacity into contracted volume and earnings.

Leadership and people

Jenni Pilcher stepped down as CEO and Managing Director on 5 May 2026 and I assumed the role of Interim Executive Chairman. I thank Jenni for her contribution through a very demanding period, including the restructure and the NAB settlement, and Doug Rathbone for leading the Board as Interim Chairman until December 2025. Above all, I thank our people, who delivered a leaner operation without losing sight of quality and compliance.

Priorities for FY2027

Our priorities are clear: grow export volumes into regulated markets where certified supply earns a premium; lift yield and utilisation at Mildura; hold the cost base at or below the exit run-rate; manage cash tightly within our facility; and refinance well ahead of the December 2027 maturity. The Board will also continue to assess opportunities, including sector consolidation, that add scale and create value for shareholders.

The risks remain real. We are still loss-making on a normalised basis and our secured debt sits with a single lender. But Cann now has a balance sheet it can build on, a cost base it can live with and a certified asset the market is beginning to value. We intend to be judged on converting that into cash earnings.

Thank you for your continued support.



Mike Ryan
Interim Executive Chairman

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (Group or "Cann") consisting of Cann Group Limited (Company or parent entity) and the entities it controlled at the end of, or during, the year ended 30 June 2026.

Information on Directors

The names and details of the Directors in office during the year and until the date of this report are as follows. Directors have been in office for the entire year unless otherwise stated. Shareholdings are current as at the date of this report.

Douglas John Rathbone AM

Title: Appointed as Interim Chairman on 10 February 2025 and reassumed position as Non-Executive Director on 1 December 2025.

Qualifications: FATSE, FI ChemE, ARMIT B Comm, TTC

Experience and expertise: An experienced public company director and former Managing Director and CEO of Nufarm Limited (ASX:NUF).

Tenure: Director since 16 March 2015.

Other current directorships: n/a

Former directorships (last 3 years): Leaf Resources Ltd (ASX:LER) (resigned 6 March 2023)

Special responsibilities: Member of Remuneration & Nomination Committee; member of Audit & Risk Committee

Interests in shares: 3,656,185 fully paid ordinary shares

Interests in options: 900,000

Mike Ryan

Title: Interim Executive Chairman

Qualifications: Bachelor of Agriculture (Massey University).

Experience and expertise: Mike has over 40 years' experience across banking, financial markets and corporate leadership in Australia, New Zealand and internationally, with a track record in strategic planning, capital markets, organisational growth and stakeholder engagement.

He has held senior leadership roles including Head of Equities at Shaw and Partners, Managing Director, Head of Equities and Operations at CIMB, Director, Institutional Equities Advisory at Citigroup, Head of Australian Equities Distribution at Morgan Stanley, and Executive Director at Goldman Sachs JBWere. His earlier career was in corporate and rural banking in New Zealand.

Mike has served on the boards of companies across a broad range of industries, including financial services, mining and resources, aquaculture, education and technology, and holds current directorships in energy software and listed investment management. He has also held governance roles in the education and sporting sectors.

Mike brings to the Board experience in listed company governance, corporate restructuring and recapitalisation, together with a background in agricultural science relevant to the Company's cultivation and manufacturing operations.

Tenure: Appointed Chairman on 1 December 2025 and Interim Executive Chairman on 5 May 2026.

Other current directorships: Energy One Limited (ASX: EOL), PM Capital Global Opportunities Fund (ASX: PGF).

Former directorships (last 3 years): Australian Pacific Coal Ltd (ASX: AQC) - resigned June 2024, East 33 Limited (ASX: E33) - resigned Nov 2024, Sequoia Financial Group (ASX: SEQ) - resigned June 2026, MyWave.ai — resigned August 2024, LiteracyPlanet (Intrepica Pty Ltd) — resigned January 2025.

Special responsibilities: Member of Remuneration & Nomination Committee; member of Audit & Risk Committee.

Interests in shares: 2,608,696 ordinary shares.

Interests in options: Nil.

Peter Kopanidis

Title: Non-Executive Director

Qualifications: Chartered Accountant (CA) and Bachelor of Business (Accounting)

Experience and expertise: Over 30 years' experience as a finance professional across manufacturing, telecommunications, healthcare, insurance, financial services and FMCG; Chartered Accountant; Director and owner of Petra Investor Relations & Debt Advisory Pty Ltd.

Tenure: Director since 31 March 2025.

Other current directorships: Director of the following Cann Group subsidiaries; Cannoperations Pty Ltd, Cann IP Pty Ltd, Botanitech Pty Ltd and Cannproducts Pty Ltd.

Former directorships (last 3 years): Non-executive Director Beam Communications Holdings (ASX: BCC) – resigned November 2024.

Special responsibilities: Chair of Audit and Risk Committee; chair of Remuneration and Nomination Committee.

Interests in shares: Nil.

Interests in options: 600,000

Jennifer Pilcher

Title: CEO & Managing Director

Qualifications: Chartered Accountant (CA) and Bachelor of Business Studies (Major Accounting)

Experience and qualifications: Jenni has many years' senior executive experience for ASX-listed companies in the medical and biotechnology sectors and was most recently Chief Financial Officer (CFO) and Company Secretary of Whispir Ltd (ASX:WSP), a technology company specialising in messaging platform software.

She has been CFO and Company Secretary of medical imaging software company Mach7 Technologies Ltd (ASX:M7T), and biotechnology company's Alchemia Limited (ASX:ACL) and Mesoblast Limited (ASX:MSB). She has also held senior finance roles at ASX200 company Spotless Group, Cadbury Schweppes plc, and international pharmaceutical group Medeva plc., based in London, UK.

Jenni is a qualified Chartered Accountant a Graduate of the Governance Institute of Australia; and has a Bachelor of Business Studies (majoring in accounting) from Massey University in New Zealand.

Tenure: Director since 8 September 2020, appointed as CEO & Managing Director 1 April 2024 and resigned from position as CEO & Managing Director on 5 May 2026.

Other current directorships: n/a

Former directorships (last 3 years): n/a

Special responsibilities: Member of Remuneration & Nomination Committee; member of Audit & Risk Committee.

Interests in shares: 4,788,493 fully paid ordinary shares.

Interests in options: 1,500,000 options.

Company secretary

Steven Notaro is the VP Compliance and Company Secretary at Cann Group. He is a qualified lawyer, with a background in contract law, intellectual property, consumer law and corporate law. Steven joined Cann Group in 2014 and assisted in the early establishment of the business, including the listing of the Company on the ASX and the granting of the first medicinal cannabis licence issued in Australia under the Narcotic Drugs Act.

Dividends

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

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 licences and permits issued to the Group, and the development and manufacture (via third party arrangements) of finished product formulations. During FY2026 the Group also broadened its distribution footprint, commencing export sales into the United Kingdom and growing sales into New Zealand, alongside its established domestic operations.

Review of operations

Key financial metrics

	30 June 2026	30 June 2025	Change
Revenue from operations	\$8.6m	\$11.3m	(24%)
Other income	\$1.1m	\$2.0m	(44%)
Operating expenses	\$12.8m	\$22.2m	(42%)
EBITDA (normalised)	(\$3.4m)	(\$5.0m)	27%
Write down of inventory	\$1.7m	\$3.9m	(55%)*
Impairment of property, plant and equipment	\$19.0m	-	n/a
Gain on debt forgiveness	\$55.7m	-	n/a
Profit/(loss) after income tax	\$20.6m	(\$22.3m)	n/a*
Net assets/(liabilities)	\$29.0m	(\$2.8m)	\$31.8m*
Basic profit/(loss) per share	1.7 cents	(4.2) cents	n/a*
Diluted profit/(loss) per share	1.5 cents	(4.2) cents	n/a*

* Indicates positive improvement to the prior period loss position.

Financial performance

The Group reported a net profit after tax of \$20.6 million for the year ended 30 June 2026 (2025: loss of \$22.3 million). The statutory result includes a number of significant items arising from the restructure of the Group's balance sheet: a \$55.7 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 recognised at the half year, and a \$1.7 million write-down of inventories (2025: \$3.9 million). Excluding these items, the normalised loss after tax was \$14.7 million (2025: \$18.5 million on a comparable basis), an improvement of 21%.

Normalised EBITDA (excluding the gains on debt forgiveness and trade creditor settlement, and impairment charges on property, plant and equipment, inventories and investments) improved by \$1.7 million (33%) on the prior corresponding period, reducing EBITDA (normalised) to a loss of \$3.4 million. This improvement was largely due to continued effective cost management, with operating expenses down 42%, partially offset by lower revenue. The second half of the year provides the clearest guide to the cost base entering FY2027: excluding the year-end inventory write-down and the R&D incentive benefit, operating costs before depreciation reduced from \$7.0 million in the first half to \$5.7 million in the second half, an annualised exit run-rate of approximately \$11.5 million.

Sales revenue

Sales revenue for the year ended 30 June 2026 decreased by \$2.7 million (24%) to \$8.6 million, down from \$11.3 million in the prior corresponding period. The decline reflects 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. Sales to the United Kingdom generated \$1.0 million of revenue in their first year (2025: nil), New Zealand sales grew to \$0.4 million (2025: \$0.1 million), and international sales together represented 16% of revenue. The customer base also broadened, with three customers each contributing more than 10% of revenue (2025: one). Momentum has continued into the first quarter of FY2027, with a strong start led by export sales.

Expenditure

Operating expenses (before depreciation and inventory write-downs) were down \$9.4 million (42%) to \$12.8 million, the second consecutive year of material cost reduction, reflecting the completion of the Group's organisational restructure, disciplined procurement and lower insurance and corporate overheads. Direct production costs fell 55% to \$3.7 million (including write-downs), employee costs fell \$2.5 million (26%) to \$7.1 million and administration and corporate costs fell 17% to \$3.7 million. Depreciation and amortisation reduced by \$1.6 million (21%).

Balance sheet restructure and funding

FY2026 was transformational for the Group's capital structure. On 15 December 2025, the Group executed a settlement deed with National Australia Bank ("NAB") under which total indebtedness of \$70.6 million was discharged for a cash payment of \$15.3 million, with all security released. The settlement was funded by a new facility with an Australian private credit fund (drawn to \$14.7 million at inception including \$0.3m capitalised fees), maturing December 2027, and by equity raisings totalling \$9.0 million before costs, which were strongly supported by existing and new shareholders. Net assets at 30 June 2026 were \$29.0 million (2025: net deficiency of \$2.8 million), current liabilities reduced from \$80.9 million to \$7.4 million, and operating cash outflows improved by \$8.3 million (86%) to \$1.3 million. After year end, the Group redeemed in full its remaining outstanding convertible securities, further simplifying the capital structure. Refer to Significant changes in the state of affairs below for further detail.

Research and development

The Group continues to receive a research and development tax incentive rebate in respect of eligible cultivation and product development expenditure. R&D tax incentive and other government grant income recognised in the year was \$0.7 million (2025: \$1.9 million).

Business risks

Cann Group Limited's operating and financial results and performance are subject to various risks and uncertainties, some of which are beyond the Company's control. Set out below are matters which the Group has assessed as having potential to have a material impact on its operating and/or financial results and performance:

Going concern and covenant compliance

Following the December 2025 settlement with NAB and refinancing described above, the Group's primary funding risk relates to its new debt facility with its private credit fund lender, which is subject to financial covenants including a minimum shareholder funds test, a minimum cash reserve, a maximum capital expenditure limit and a debt-to-asset ratio test. At 30 June 2026, the Group was in compliance with all covenants other than the minimum shareholder funds test, for which a waiver was obtained prior to year end. There is a risk that a covenant breach in a future period is not waived, which could result in the facility being called or its terms being renegotiated on less favourable terms. At 31 August 2026, the Group did not pass the minimum cash reserves test. A waiver has been obtained in respect of this test.

Funding risk

The failure to raise necessary funding, whether as debt or equity, could result in the delay or postponement of Cann's business expansion or, in a more severe scenario, its ability to meet its obligations as they fall due. There can be no assurance that additional funding will be available if needed, or that, if available, it will be on favourable terms.

Concentration of lending relationship

Following the discharge of the NAB facilities, the Group's secured debt is now concentrated with a single private credit fund lender. This represents a change in the Group's funding risk profile from FY2025, when secured debt was split

across NAB and other lenders — the Group is now more exposed to the terms, covenant settings and ongoing willingness to lend of this single counterparty.

Agricultural and production risks

Risks inherent with agricultural businesses apply to Cann's business, including lower than expected yields, disease, mould, insects and other pests, and the general production risks associated with plant design, third-party contractor performance, input costs and equipment reliability at the Mildura facility.

R&D funding risk

An important source of funding for Cann is the R&D tax refund it receives each year. There can be no assurance that the R&D tax refund scheme will remain in place, or that Cann will continue to be entitled to access it in the future.

Operating losses and market risks

Notwithstanding the FY2026 statutory profit (which was driven by the non-recurring gain on debt forgiveness), the Group's normalised result remains a loss, and Cann may continue to incur operating losses while it grows its export and domestic sales channels. Anticipated sales growth may not be achieved, or may not translate into profitability.

Regulatory approvals and licence conditions

Cann's ability to continue its business is dependent on holding certain authorisations, licences and permits under the Narcotic Drugs Act 1967 (Cth) and adherence to all related regulatory requirements. Any failure to comply with, or renew, these approvals would have a material adverse impact on the Group.

Third party manufacture and export market risks

Cann remains reliant on a single source of manufacturing for certain products, and its transition to export markets (the United Kingdom, New Zealand) introduces additional regulatory, currency and counterparty risk not previously present at the same scale in the Group's revenue base.

Significant changes in the state of affairs

Fully paid ordinary shares issued during the year

During the year the Company issued 1,024,417,430 fully paid ordinary shares (30 June 2025: 190,330,013), increasing the total number of ordinary shares on issue from 636,176,155 to 1,660,593,585. The principal issuances were as follows:

Date	Detail	Shares	Amount (\$'000)
31 Oct 2025	Share placement	120,395,238	1,385
24 Nov 2025	Share purchase plan	127,597,050	1,276
3 Dec 2025	Share purchase plan shortfall	122,402,950	1,224
3 Dec 2025	Share placement	444,822,153	5,115
5 Dec 2025	Capitalisation of interest on borrowings	15,169,929	200
5 Dec 2025	Convertible Securities Agreement placement shares	8,416,667	59
Various	Conversion of convertible notes (multiple tranches)	185,613,443	1,230

Debt facilities — settlement of National Australia Bank facilities

On 15 December 2025, the Company announced it had executed a forbearance and settlement deed with National Australia Bank and paid the agreed settlement amount of \$15.30 million. In exchange, the bank released all security, including discharging all real property mortgages held over the Mildura facility, released Cann from all remaining liability under the working capital and construction facilities, and the facilities were closed. Total indebtedness discharged was \$70.63 million (working capital facility \$15.60 million, construction facility \$53.86 million including capitalised interest, and an overdraft of \$1.16 million), giving rise to a gain on debt forgiveness of \$55.69 million.

New refinancing facility

On 11 December 2025, the Company executed a facility agreement with an Australian private credit fund to partially fund the NAB settlement. The facility rolled over a pre-existing secured loan of \$5.45 million with the same lender and advanced new money of \$9.00 million, giving a drawn balance of \$14.45 million at establishment (before subsequent capitalised interest and capitalised establishment fees of \$0.30 million). The facility carries interest at 12.5% per annum (fixed) (9.5% cash pay, 3.0% capitalised), has a two-year term maturing 31 December 2027, and is secured by a general security deed and first-ranking real property mortgages over the Mildura facility. In connection with the facility, the lender was issued 63,439,600 options exercisable at \$0.0146, approved by shareholders at the Annual General Meeting held 28 November 2025.

Convertible notes

On 16 March 2026, the Company entered into a new convertible securities agreement with its existing noteholder to raise \$750,000 before costs, issuing 527,100 convertible notes and 18,750,000 placement shares (of which 8,416,667 were new shares). During the year, 657,910 notes were converted into 185,613,443 ordinary shares. On 30 June 2026, the Company agreed with the noteholder to redeem in full the 350,000 convertible notes then remaining on issue, at 100% of face value (with the noteholder waiving the 5% early-redemption premium); the redemption completed on 3 July 2026 after being funded from an increase to the refinancing facility described below in 'events after the reporting period'.

Events after the reporting period

- On 3 July 2026, a \$2.00 million facility limit increase was negotiated with the refinancing lender, available for specific purposes as agreed between the Company and the lender (refer Note 2 and Note 11). The threshold for the minimum shareholder funds covenant test was reduced as part of the amended facility agreement. The Group was in breach of the minimum cash reserves test in August 2026 for which a waiver continues to apply.
- On 3 July 2026, the Company redeemed in full the 350,000 convertible notes remaining on issue at 30 June 2026, funded from the increased refinancing facility referred to above.
- Stannards Audit Pty Ltd was appointed auditor on 13 July 2026 with ASIC consent; the audit partner and team are unchanged.
- The Group expects to receive its FY2026 R&D tax incentive refund of approximately \$0.62 million, which will be applied to repay the associated R&D tax incentive loan advance of approximately \$0.47 million.

Future developments, prospects and business strategies

Other than matters referred to elsewhere in this report, further information as to likely developments in the operations of the Group and the expected results of those operations have not been included in this report, as the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group's operations comply with all relevant environmental standards and regulations.

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2026, and the number of meetings attended by each Director, were:

	Board Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
	Held [#]	Attended	Held [#]	Attended	Held [#]	Attended
D. Rathbone	16	15	5	5	2	2
J Pilcher [#]	14	14	4	4	1	1
M Ryan [#]	7	7	2	2	1	1
P. Kopanidis	16	15	5	4	2	2

[#] Held reflects meetings held while the Director was a member of the Board or committee.

Shares under option and performance rights

There were 198,266,601 unissued ordinary shares of Cann Group Limited under option outstanding at 30 June 2026 (30 June 2025: 107,943,332), as set out below. No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Category	Grant date	Expiry date	Exercise price	Number under option
Employee options	4 Apr 2023	4 Apr 2028	\$0.2200	560,000
NED options	6 Nov 2024	31 Oct 2029	\$0.0800	400,000
Convertible note options	11 Nov 2024	11 Nov 2026	\$0.2250	13,471,734
Employee options	13 Nov 2024	30 Jun 2029	\$0.0600	4,875,001
Employee options	13 Nov 2024	30 Jun 2029	\$0.0800	3,375,001
Employee options	13 Nov 2024	30 Jun 2029	\$0.1000	3,375,001
Rights issue options	2 Dec 2024	2 Dec 2026	\$0.0800	18,799,046
Private placement options	8 Apr 2025	4 Jun 2027	\$0.0300	49,376,573
Convertible note options	2 Jun 2025	2 Jun 2027	\$0.0508	1,746,147
Convertible note options	2 Jun 2025	2 Jun 2027	\$0.0523	7,924,832
NED options	10 Dec 2025	31 Oct 2030	\$0.0230	1,200,000
Private placement options	24 Dec 2025	24 Dec 2027	\$0.0230	29,723,666
Lender options	24 Dec 2025	24 Dec 2027	\$0.0146	63,439,600
Total				198,266,601

As part of the 'third purchase' convertible notes, 25,000,000 options were issued exercisable at \$0.015 and expiring two years after issue date. The options are subject to shareholder approval on or before the next annual general meeting.

During the year, 265,000,000 options exercisable at \$0.0100 and 565,217,391 options exercisable at \$0.0115, both issued on 24 December 2025 in connection with the December 2025 capital raising and refinancing, lapsed unexercised on 15 June 2026. A further 9,000,000 options granted to the former Chief Executive Officer and Managing Director on 10 December 2025 were forfeited on cessation of employment during the year. No shares were issued on the exercise of options during the year (2025: 1,984).

Performance rights

All 554,466 performance rights outstanding at the start of the year lapsed on 10 February 2026; none remained outstanding at 30 June 2026 (30 June 2025: 554,466). No performance shares were issued on the exercise of performance rights during the year (2025: nil).

Indemnifying officers and auditors

The Group was party to Deeds of Indemnity and Access with its directors, including a Director's Deed of Indemnity & Access. Under these deeds, the Company indemnifies the director, to the extent permitted by law, against liabilities (including legal costs) incurred by the director arising out of the conduct of the Company's business or the discharge of the director's duties and must advance the director's costs of defending any related legal proceedings on request. The deeds also require the Company to maintain directors' and officers' insurance for the benefit of the director on terms no less favourable than those applying at the date of the relevant deed, and to give the director access to board papers and company records relating to their period in office for seven years after they cease to hold office (or, where legal proceedings are commenced within that period, until final determination of those proceedings). A Directors' and Officers' insurance premium has been paid during the year for any person who is or has been an officer of the Group. No indemnities have been given during or since the end of the year for any person who has been an auditor of the Group.

Proceedings on behalf of the Group

There were no proceedings entered into by the Company during the year.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, 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 and non-audit services

Stannards Audit Pty Ltd was appointed auditor on 13 July 2026 with ASIC consent; the audit partner and team are unchanged. No non-audit services were provided by the auditor.

The Company's Audit and Risk Committee is responsible for the maintenance of audit independence, including by limiting the scope and nature of non-audit services that may be provided and requiring that permitted non-audit services are pre-approved by the Chair of the Committee. Details of amounts paid to the Group's auditor for audit and non-audit services during FY2026 are set out in the notes to the financial statements.

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.

CEO and CFO declaration

The Interim Executive Chairman (performing the chief executive function) and the person performing the Chief Financial Officer function have given a declaration to the Board concerning the Group's financial statements under section 295A(2) of the Corporations Act 2001 and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, regarding the integrity of the financial statements.

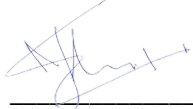
This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Remuneration report

This Directors' Report is accompanied by a separate Remuneration Report (audited) which forms part of this Directors' Report for the purposes of section 300A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors.

On behalf of the Directors



Mike Ryan

Interim Executive Chairman

29 September 2026

Remuneration Report (Audited)

This Remuneration Report outlines the Company's remuneration strategy for the financial year ended 30 June 2026 and provides detailed information on the remuneration outcomes for the year for the Directors, the Chief Executive Officer (CEO) and other Key Management Personnel.

For the purpose of this report, Key Management Personnel (KMP) are defined as persons having authority and responsibility for planning, directing and controlling the Group's activities, directly or indirectly, and include all Directors of the Company.

The Directors of the Company are pleased to present the Remuneration Report (Report) for the Company and its subsidiaries (Group) for the financial year ended 30 June 2026. This Report forms part of the Directors' Report and has been prepared and audited in accordance with the requirements of the Corporations Act 2001.

Key Management Personnel

The KMP whose remuneration is disclosed in this year's report are:

Non-executive and Executive Directors

Name	Title	
M Ryan	Interim Executive Chairman (i)	Chairman from 1 Dec 2025; Interim Executive Chairman from 5 May 2026
D Rathbone	Non-Executive Director (ii)	
J Pilcher	Chief Executive Officer & Managing Director	Resigned 5 May 2026
P Kopanidis	Non-Executive Director	

(i) M Ryan was appointed Chairman on 1 December 2025 and Interim Executive Chairman on resignation of J Pilcher on 5 May 2026.

(ii) D Rathbone was Interim Chairman until 1 December 2025 on appointment of M Ryan. His title reverted to Non-executive Director following Mr Ryan's appointment.

Chief Executive Officer (CEO) and other Disclosed Executives

Name	Title	
J Pilcher	Chief Executive Officer & Managing Director	Resigned 5 May 2026.
M Ryan	Interim Executive Chairman	Appointed Chairman on 1 December 2025 and Interim Executive Chairman on 5 May 2026.

Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The Remuneration and Nomination Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to Directors, the CEO and other Key Management Personnel and consists of 3 members of the Board. The Remuneration and Nomination Committee is subject to the Company's Remuneration Policy, with that policy having the objectives to provide a competitive, benchmarked and flexible structure, tailored to the specific circumstances of the Company and which reflects each person's duties and responsibilities so as to attract, motivate and retain people of the appropriate quality.

The Company's Remuneration Policy is reviewed at least once a year and is subject to amendment to ensure it reflects best market practice.

Remuneration levels are competitively set to attract appropriately qualified and experienced Directors and executives. The Remuneration and Nomination Committee obtains market data on remuneration levels. The remuneration packages of the Chief Executive Officer and Senior Executives may include a short-term incentive component based on specific Company goals pertaining to financial and operational performance, and may also include an invitation to participate in the Company's Long-term Incentive Plan (LTI Plan), the benefits of which are conditional upon the Company achieving certain performance criteria.

In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the structure of Non-executive Director remuneration is separate from executive remuneration.

Relationship between the Remuneration Policy and Company performance

The consolidated entity assesses its performance from achievement of operational goals and shareholder value. The performance measures for the Short-term Incentive Plan (STI Plan) and Long-term Incentive Plan (LTI Plan) are tailored to align at-risk remuneration and performance hurdle thresholds to the delivery of operational and financial objectives and sustained shareholder value growth.

	2026 \$'000	2025 \$'000	2024 \$'000	2023 \$'000	2022 \$'000
Sales revenue	8,563	11,300	15,373	13,777	6,411
Net profit/(loss) before income tax	20,625	(22,345)	(51,242)	(33,790)	(26,468)
Net profit/(loss) after income tax	20,625	(22,345)	(51,242)	(33,790)	(26,468)
Profit/(loss) per share (cents)	1.69	(4.23)	(11.93)	(9.08)	(7.90)
Share price (\$)	0.01	0.01	0.04	0.13	0.31

Components of remuneration — Non-executive Directors

The Constitution of the Company and the ASX Listing Rules require that the aggregate remuneration of Non-executive Directors be determined from time to time by a resolution approved by shareholders at a general meeting. Legislated superannuation contributions made on behalf of Non-executive Directors are included within the aggregate remuneration threshold approved by shareholders.

Non-executive Directors receive a cash fee for their service and may also participate in the Company's share-based incentive arrangements, including options issued during the financial year; vesting of these options is subject only to continued service (tenure) and is not subject to any performance-related hurdles or conditions. An additional fee for being a member of a Board committee may be paid to Non-executive Directors.

Fees payable to the Non-executive Directors (inclusive of statutory superannuation) for the financial year ended 30 June 2026, based on the director payroll and payment records reviewed, were as follows:

Role	Cash fee (\$)	Superannuation (\$)	Total (\$)
Executive Chairman	108,362	4,498 (i)	112,859
Non-Executive Director	40,923	4,911	45,834

(i) Fees for Mr Ryan's services as Executive Chairman were paid to Ryancapital.au Pty Ltd, an entity associated with Mr Ryan total \$112,859 exclusive of GST, for the period to 30 June 2026. This arrangement is also disclosed as a related party transaction.

Components of remuneration — Chief Executive Officer and other senior executives

(a) Structure

The Company aims to reward the Chief Executive Officer and senior executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group, so as to reward performance against targets and benchmarks, align their interests with those of shareholders, and ensure total remuneration is competitive by

market standards. Remuneration consists of fixed remuneration and, where applicable, variable remuneration under the STI Plan and LTI Plan.

(b) Fixed remuneration

The fixed remuneration component of the Chief Executive Officer's and senior executives' total remuneration package is expressed as a total package consisting of base salary and statutory superannuation contributions, reviewed annually with regard to individual and Group performance and external market benchmarking.

(c) Variable remuneration — STI Plan

The STI Plan component of an Executive's total remuneration is an annual cash incentive plan. The STI Plan links a portion of executive remuneration opportunity to specific financial and non-financial measures, usually including revenue, EBITDA and production targets.

For the financial year ended 30 June 2026, the Chief Executive Officer and Managing Director has an STI target of 50% of base salary, subject to meeting performance measures (discussed below). The maximum STI payable is 120% of the STI target.

From a governance perspective, all performance measures under the STI Plan must be clearly defined and measurable. The Remuneration and Nomination Committee approves the targets and assesses the performance outcome of the Chief Executive Officer. The Board and the Chief Executive Officer set the targets and assess the performance of Senior Executives. The Board approves STI Plan payments for the Chief Executive Officer and Senior Executives. Under the STI Plan, the Board has discretion to adjust STI Plan outcomes based on the achievements which are consistent with the Group's strategic priorities and, in the opinion of the Board, enhance shareholder value.

One hundred percent (100%) of awarded STI is paid in cash, typically on or before 30 September following the relevant financial year. The financial performance measures will be assessed and, for the Executives to qualify for a payment of an STI, a pre-agreed level of Group profit must first be achieved. Once this has been achieved, the level of payment the Executive receives is determined based on the achievement of their pre-determined financial and non-financial measures.

For the year ended 30 June 2025, the CEO & Managing Director achieved 68% of her total STI target, resulting in an STI payment of \$127,500 which was made in January 2026. This outcome reflected her contribution to the Group's major debt restructure, completed in December 2025, which formed one of the measured components of her STI scorecard. Board discretion was applied to extend the window of assessment given timing of the debt restructure. For the year ended 30 June 2026, no STI targets were achieved and no STI was paid.

(d) Variable remuneration — LTI Plan

The long term incentive plan (LTI Plan) component of an Executive's total remuneration is based on performance-based rights over the ordinary shares of the Company. The LTI Plan links a portion of executive remuneration opportunity to specific financial and non-financial measures. The LTI Plan was approved at the Annual General Meeting on 24 November 2020 and currently incorporates measures linked to share price performance, completion of business critical operational and strategic objectives whilst also considering term of service.

Options were issued to Key Management Personnel during the year according to the following table;

Grant	Number	Grant date	Spot price	Exercise price	Expiry	Volatility	Risk free rate	Fair value \$
CEO options – tranche 1	3,000,000	10 Dec 2025	\$0.0080	\$0.0140	30 Jun 2030	73%	3.60%	11,086
CEO options – tranche 2	3,000,000	10 Dec 2025	\$0.0080	\$0.0230	30 Jun 2030	73%	3.60%	8,814
CEO options – tranche 3	3,000,000	10 Dec 2025	\$0.0080	\$0.0350	30 Jun 2030	73%	3.60%	7,084
Non-executive director options	1,200,000	10 Dec 2025	\$0.0080	\$0.0230	31 Oct 2030	73%	3.60%	3,728
Total	10,200,000							30,712

(e) Contract for services — Chief Executive Officer

The structure of the Chief Executive Officer's remuneration was in accordance with her employment agreement dated 15 July 2024, converted to a permanent position effective 2 July 2025. The agreement was terminated effective 5 May 2026 with three months' notice, with no termination benefits beyond statutory leave and superannuation entitlements.

(f) Contract for services — other senior executives

The Interim Executive Chairman was engaged initially as Chairman on 1 December 2025 and subsequently appointed Interim Executive Chairman on 5 May 2026. Payments for his services to the Group are made to his proprietary company on standard commercial terms.

The terms on which other senior executives are engaged provide for termination by the Company on up to three months' notice, or the minimum entitlements contained in the National Employment Standards – whichever is greater. Similar notice periods apply in the event of termination by the senior executives.

The senior executives are entitled to participate in the Company's LTI Plan, last approved at the Annual General Meeting on 6 November 2024. Further details of the LTI Plan are outlined in section (d) of "Components of remuneration – Chief Executive Officer and other senior executives".

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Details of remuneration**Amounts of remuneration**

During the year, Key Management Personnel comprised the Directors and the Chief Executive Officer. The aggregate remuneration of each Director and other member of Key Management Personnel of the Group for the financial years ended 30 June 2026 and 30 June 2025 is set out below:

Name	Year	Salary & fees (\$)	Short-term incentives (\$)	Leave movement (\$)	Super-annuation (\$)	Share-based payments (\$)	Termination benefits (\$)	Total (\$)
Non-executive Directors								
M Ryan (i)	2026	70,882	-	-	-	-	-	70,882
M Ryan	2025	-	-	-	-	-	-	-
D Rathbone	2026	40,923	-	-	4,911	4,373	-	50,207
D Rathbone	2025	51,196	-	-	5,888	2,507	-	59,591
P Kopanidis	2026	40,923	-	-	4,911	1,877	-	47,711
P Kopanidis	2025	11,211	-	-	1,289	-	-	12,500
J Chick	2026	-	-	-	-	-	-	-
J Chick (ii)	2025	60,366	-	-	6,942	-	-	67,308
R Barnes	2026	-	-	-	-	-	-	-
R Barnes (iii)	2025	44,383	-	-	5,104	-	-	49,487
Subtotal	2026	152,728	-	-	9,822	6,250	-	168,800
Subtotal	2025	167,156	-	-	19,223	2,507	-	188,886
Chief Executive Officer and other Key Management Personnel								
J Pilcher (iv)	2026	338,998	127,500	(8,324)	27,375	(43,682)	-	441,867
J Pilcher	2025	367,789	-	(1,878)	29,932	55,918	-	451,761

Name	Year	Salary & fees (\$)	Short-term incentives (\$)	Leave movement (\$)	Super-annuation (\$)	Share-based payments (\$)	Termination benefits (\$)	Total (\$)
M Ryan (v)	2026	37,479	-	-	4,498	-	-	41,977
M Ryan	2025	-	-	-	-	-	-	-
T Di Pietro	2026	-	-	-	-	-	-	-
T Di Pietro (vi)	2025	56,438	-	2,212	5,706	-	-	64,356
Subtotal	2026	376,477	127,500	(8,324)	31,873	(43,682)	-	483,844
Subtotal	2025	424,227	-	334	35,638	55,918	-	516,117
Grand total	2026	529,205	127,500	(8,324)	41,695	(37,432)	-	652,644
Grand total	2025	591,383	-	334	54,861	58,425	-	705,003

(i) Amount paid to RyanCapital.au Pty Ltd, an entity associated with Mr Ryan, for his services as Chairman (see related party transactions note).

(ii) J Chick resigned as Chairman on 10 February 2025. D Rathbone was appointed Interim Chairman on the same date.

(iii) R Barnes resigned as Non-Executive Director on 31 March 2025.

(iv) J Pilcher resigned as CEO & Managing Director on 5 May 2026.

(v) Amount paid to RyanCapital.au Pty Ltd, an entity associated with Mr Ryan, for his services as Interim Executive Chairman from 5 May 2026 (see related party transactions note).

(vi) T Di Pietro resigned as CFO and Company Secretary on 14 August 2024.

Proportion of remuneration linked to performance

The proportion of remuneration that is fixed and the proportion that is at risk (short-term and long-term incentives) for each KMP are as follows:

Name	Fixed FY26	At-risk — STI FY26	At-risk — LTI FY26	Fixed FY25 (for reference)
M Ryan	100%	0%	0%	n/a
D Rathbone	91%	0%	9%	96%
P Kopanidis	96%	0%	4%	100%
J Pilcher	81%	29%	(10%)	88%

Additional disclosures relating to Key Management Personnel

Equity holdings

Name	Balance 1 Jul 2025	Received as remuneration	Acquisitions / disposals	Cessation as KMP	Balance 30 Jun 2026
M Ryan	-	-	2,608,696	-	2,608,696
D Rathbone	3,656,185	-	-	-	3,656,185
P Kopanidis	-	-	-	-	-
J Pilcher	440,667	-	4,347,826	(4,788,493)	-
Grand total	4,096,852	-	6,956,522	(4,788,493)	6,264,881

(i) A correction has been applied to the balance at 1 July 2025 in respect of D Rathbone's equity held. The balance has been increased by 60,000 shares that were acquired in the year to 30 June 2025.

Option holdings

Name	Balance start of year	Granted	Exercised	Expired / forfeited / other	Balance end of year
M Ryan	-	2,608,696	-	(2,608,696)	-
J Pilcher	4,500,000	13,347,826	-	(16,347,826)	1,500,000(i)
D Rathbone	300,000	600,000	-	-	900,000
P Kopanidis	-	600,000	-	-	600,000
Grand total	4,800,000	17,156,522	-	(18,956,522)	3,000,000

(i) Options held at date ceased as a KMP

Performance rights holdings

No Performance Rights were issued to KMP in the year to 30 June 2026.

Loans to Key Management Personnel

No loans were made, guaranteed or secured by the Group to KMP or their related parties during FY2026.

Other transactions with Key Management Personnel

Other than as noted below, the Group's transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

The fees for Mr M Ryan's services as Chairman and Interim Executive Chairman were paid to Ryancapital.au Pty Ltd, an entity associated with Mr M Ryan. The total payable was \$112,859 exclusive of GST, on an arm's-length basis for the period to 30 June 2026.

Mr M Ryan and Mrs J Pilcher participated in the December 2025 capital raise acquiring 2,608,696 and 4,347,826 fully paid ordinary shares respectively as per the movement tables above.

There were no further related party transactions in the year to 30 June 2026.

Adoption of 30 June 2025 remuneration report

At the Company's Annual General Meeting held on 28 November 2025, the resolution to adopt the Remuneration Report for the year ended 30 June 2025 was put to shareholders. Votes cast were 79.15% in favour and 11.02% against. As less than 25% of votes cast were against the resolution, the Company did not receive a "strike" in relation to its FY2025 Remuneration Report. No other significant comments were made on the Remuneration Report at the meeting.

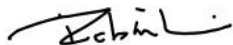
This concludes the Remuneration Report, which has been audited.

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

As lead auditor for the audit of Cann Group Limited for the year ended 30 June 2026, 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 audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cann Group Limited.



ROBIN KING HENG LI CA RCA
DIRECTOR
STANNARDS AUDIT PTY LTD
Authorised Audit Company No. 571846

Dated: 29 September 2026

Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

	Note	30 June 2026 \$'000	30 June 2025 \$'000
Revenue from customer contracts	5	8,563	11,300
Other income	5	1,090	1,953
Total revenue and other income		9,653	13,253
Expenses			
Administration and corporate costs	6	(3,726)	(4,499)
Direct production costs		(1,922)	(4,217)
Employee costs		(7,114)	(9,596)
Depreciation and amortisation expense		(5,857)	(7,439)
Finance costs		(5,362)	(5,997)
Gain/(loss) on fair value of investment		(4)	33
Inventory write-down		(1,737)	(3,883)
Impairment of property, plant and equipment	9	(18,992)	-
Gain on debt forgiveness	11	55,686	-
Profit/(loss) before income tax expense		20,625	(22,345)
Income tax expense	27	-	-
Profit/(loss) after income tax expense for the year		20,625	(22,345)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		33	19
Other comprehensive income for the year, net of tax		33	19
Total comprehensive income/(loss) for the year		20,658	(22,326)

	Note	30 June 2026 Cents	30 June 2025 Cents
Basic profit/(loss) per share	15	1.69	(4.23)
Diluted profit/(loss) per share	15	1.46	(4.23)

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2026

	Note	30 June 2026 \$'000	30 June 2025 \$'000
Assets			
Current assets			
Cash and cash equivalents		490	10
Trade and other receivables	7	1,140	2,757
Prepayments		246	821
Inventories	8	4,576	4,343
Biological assets		821	1,643
Total current assets		7,273	9,574
Non-current assets			
Property, plant and equipment	9	44,690	69,171
Intangible assets		2	9
Financial assets at fair value through profit or loss	25	31	35
Total non-current assets		44,723	69,215
Total assets		51,996	78,789
Liabilities			
Current liabilities			
Trade and other payables	10	5,495	4,844
Contract liabilities		508	326
Employee entitlements		307	374
Borrowings	11	480	74,861
Convertible notes	12	616	511
Total current liabilities		7,406	80,916
Non-current liabilities			
Employee entitlements		244	180
Borrowings	11	15,356	286
Convertible notes	12	-	182
Total non-current liabilities		15,600	648
Total liabilities		23,006	81,564
Net assets/(liabilities)		28,990	(2,775)
Equity			
Issued capital	13	197,717	187,951
Reserves	14	1,209	1,092
Accumulated losses		(169,936)	(191,818)
Total equity		28,990	(2,775)

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

Year ended 30 June 2026

	Issued capital \$'000	Share-based pay. reserve \$'000	FX translation reserve \$'000	Convertible note reserve \$'000	Other reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2025	187,951	520	(5)	335	241	(191,817)	(2,775)
Profit after income tax expense for the year	-	-	-	-	-	20,625	20,625
Other comprehensive income for the year, net of tax	-	-	33	-	-	-	33
Total comprehensive income for the year	-	-	33	-	-	20,625	20,658
Transactions with owners in their capacity as owners:							
Shares issued in lieu of interest	200	-	-	-	-	-	200
Issue of placement shares	6,500	-	-	-	-	-	6,500
Shares issued under a share purchase plan	1,276	-	-	-	-	-	1,276
Shares issued under a share purchase plan shortfall	1,224	-	-	-	-	-	1,224
Issue of shares under the Convertible Securities Agreement	59	-	-	-	-	-	59
Issue of shares on conversion of convertible notes	1,230	-	-	(208)	-	-	1,022
Transaction costs associated with issuing equity	(723)	-	-	-	-	-	(723)
Vesting charge for share-based payments	-	100	-	-	-	-	100
Issue of options relating to capital raises	-	-	-	-	1,449	-	1,449
Transfers	-	(29)	-	-	(1,227)	1,256	-
Balance at 30 June 2026	197,717	591	28	127	463	(169,936)	28,990

Year ended 30 June 2025

	Issued capital \$'000	Share-based pay. reserve \$'000	FX translation reserve \$'000	Convertible note reserve \$'000	Other reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2024	182,899	438	(24)	80	-	(169,472)	13,921
Loss after income tax expense for the year	-	-	-	-	-	(22,345)	(22,345)
Other comprehensive income for the year, net of tax	-	-	19	-	-	-	19
Total comprehensive income/(loss) for the year	-	-	19	-	-	(22,345)	(22,326)
Transactions with owners in their capacity as owners:							
Shares issued under non-renounceable rights offer	2,029	-	-	-	-	-	2,029
Transaction costs associated with issuing equity	(77)	-	-	-	-	-	(77)
Shares issued as repayment of short-term loan	227	-	-	-	-	-	227
Shares issued on exercise of options issued under NREO	-	-	-	-	-	-	-
Issue of shares for convertible notes special purchase	105	-	-	-	-	-	105
Issue of placement shares	712	-	-	-	-	-	712
Issue of shares on conversion of convertible notes	2,056	-	-	-	-	-	2,056
Vesting charge for share-based payments	-	82	-	-	-	-	82
Issue of options on issue of share placement	-	-	-	-	241	-	241
Issue of options to convertible note holders	-	-	-	255	-	-	255
Balance at 30 June 2025	187,951	520	(5)	335	241	(191,817)	(2,775)

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2026

	Note	30 June 2026 \$'000	30 June 2025 \$'000
Cash flows from operating activities			
Receipts from customers		9,522	11,409
Payments to suppliers and employees		(12,616)	(19,808)
Other income received		-	2,246
Research and development tax incentive received		2,298	1,965
Interest received		7	1
Interest and other finance costs paid		(541)	(5,456)
Net cash used in operating activities	21	(1,330)	(9,643)
Cash flows from investing activities			
Payments for property, plant and equipment	9	(406)	(157)
Proceeds from disposal of fixed assets		-	-
Net cash used in investing activities		(406)	(157)
Cash flows from financing activities			
Proceeds from issue of shares, net of expenses	13	8,278	2,827
Proceeds from borrowings	11	10,020	6,968
Proceeds from convertible notes	12	750	750
Repayment of borrowings	11	(16,771)	(135)
Repayment of lease liabilities		(61)	(2,238)
Net cash from financing activities		2,216	8,172
Net increase/(decrease) in cash and cash equivalents		480	(1,628)
Cash and cash equivalents at the beginning of the financial year		10	1,640
Effects of exchange rate changes on cash and cash equivalents		-	(2)
Cash and cash equivalents at the end of the financial year		490	10

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Notes to the Consolidated Financial Statements

Note 1. Corporate information

These are the consolidated financial statements of Cann Group Limited ('Company' or 'parent entity') and its subsidiaries (together, the 'Group' or 'Cann') for the year ended 30 June 2026. Cann Group Limited is a for-profit, ASX-listed public company incorporated and domiciled in Victoria, Australia (ABN 25 603 949 739).

Unless otherwise stated, all amounts are presented in thousands of Australian dollars (\$'000), being the functional and presentation currency of the parent entity and the majority of the Group.

Controlled entities

Entity name	Country of incorporation	Ownership interest 2026	Ownership interest 2025
Cannproducts Pty Ltd	Australia	100%	100%
Cannoperations Pty Ltd	Australia	100%	100%
Cann IP Pty Ltd	Australia	100%	100%
Botanitech Pty Ltd	Australia	100%	100%
Satipharm Europe Ltd	Ireland	100%	100%
Satipharm Limited	United Kingdom	100%	100%
Satipharm AG	Switzerland	100%	100%
Satipharm Canada Limited	Canada	100%	100%
Phytotech Therapeutics Ltd	Israel	100%	100%

The financial statements were authorised for issue by the Directors on the date of signing the attached Directors' Declaration.

Note 2. Material accounting policy information

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative announcements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 as appropriate for-profit oriented entities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated.

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries of the Group as at 30 June 2026 (refer Note 1). Subsidiaries are fully consolidated from the date on which control is obtained and de-consolidated from the date control ceases. Consistent accounting policies are applied to like transactions across the Group, and all intercompany balances and transactions are eliminated in full on consolidation.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The following amendment became effective for the Group in the year ended 30 June 2026.

Standard	Effective for the Group	Nature and impact
AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability	Annual periods beginning on or after 1 January 2025, adopted from 1 July 2025	Amends AASB 121 to specify when one currency is exchangeable into another and, where it is not, how to estimate the spot rate, together with additional disclosures. The Group transacts in United States dollars, euros, pounds sterling, Swiss francs, New Zealand dollars and Canadian dollars each of which is exchangeable into Australian dollars. Adoption had no effect on the amounts recognised in the current or prior periods.

Adoption of the above did not result in any change to the Group's accounting policies or to the amounts reported for the current or prior financial years.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group's assessment of the impact of these pronouncements is set out below.

Standard	Mandatory for the Group	Nature and expected impact
AASB 18 Presentation and Disclosure in Financial Statements	Year ending 30 June 2028	Replaces AASB 101. Requires income and expenses to be classified into operating, investing and financing categories, introduces defined subtotals including operating profit and profit before financing and income tax, and requires management-defined performance measures to be disclosed in a single note with a reconciliation to the nearest subtotal required by the standard. Retrospective application is required. The Group expects the standard to change the structure of the statement of profit or loss, in particular the presentation of the gain on debt forgiveness, impairment and finance costs, and to require formal disclosure of any non-IFRS measure used in market communications. No effect on reported profit or net assets is expected.
AASB 19 Subsidiaries without Public Accountability: Disclosures	Year ending 30 June 2028	Permits eligible subsidiaries without public accountability to apply reduced disclosures while continuing to apply the recognition and measurement requirements of other standards. The standard is not available to the Company as a disclosing entity. The Group will assess whether any subsidiary preparing general purpose financial statements is eligible to apply it.
AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments	Year ending 30 June 2027	Amends AASB 9 and AASB 7 to clarify the derecognition date where settlement occurs through an electronic payment system, to clarify the assessment of contractual cash flow characteristics for instruments with contingent features including those linked to environmental, social and governance targets, and to add disclosures for such features and for equity instruments designated at fair value through other comprehensive income. The Group does not presently hold instruments with contingent features of this kind and no material impact is expected.
AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11	Year ending 30 June 2027	Narrow-scope amendments to a number of standards including AASB 1, AASB 7, AASB 9, AASB 10 and AASB 107. No material impact is expected.
AASB 2024-4 Amendments to Australian Accounting	Year ending 30 June 2027	Amends AASB 9 and AASB 7 in relation to contracts for electricity generated from nature-dependent sources, including the own-use

Standard	Mandatory for the Group	Nature and expected impact
Standards – Contracts Referencing Nature-dependent Electricity		requirements, hedge accounting and related disclosures. The Group is not party to contracts of this kind and no impact is expected.

Sustainability reporting

Chapter 2M of the Corporations Act 2001 requires certain entities to prepare an annual sustainability report in accordance with AASB S2 Climate-related Disclosures, phased in by reference to consolidated revenue, gross assets and employee numbers, and by reference to registration under the National Greenhouse and Energy Reporting Act 2007. The Group has assessed its position against those criteria and has determined that it is not yet required to prepare a sustainability report. The assessment will be revisited at each reporting date.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2026, the Group recorded a profit after tax of \$20.63 million (2025: loss of \$22.35 million), net assets of \$28.99 million (2025: net asset deficiency of \$2.78 million), a net current asset deficiency of \$0.13m (2025: \$71.3 million) and a net cash outflow from operating activities of \$1.33 million (2025: \$9.64 million). The improvement in the Group's financial position principally reflects the restructuring of the Group's balance sheet described below.

Refinancing of borrowings

On 15 December 2025, the Group executed a settlement deed with National Australia Bank (NAB) under which total indebtedness of \$70.64 million was discharged for a cash payment of \$15.30 million, with all security released. The settlement was funded by a new \$14.45 million facility with an Australian private credit fund (maturing 31 December 2027) and by equity raisings totalling \$9.00 million before costs (refer Note 11 and Note 13). A gain on debt forgiveness of \$55.69 million was recognised in profit or loss.

The refinancing loan is subject to financial covenants including a minimum shareholder funds test, a minimum cash reserve, a maximum capital expenditure limit and a debt-to-asset ratio test. At 30 June 2026, the Group was in compliance with all covenants other than the minimum shareholder funds test, for which a waiver was obtained from the lender prior to year end such that the lender had no right to demand repayment at the reporting date. As such, the refinancing loan is classified as a non-current liability.

On 3 July 2026, a \$2.00 million facility limit increase was negotiated with the refinancing lender, available for specific purposes as agreed between the Company and the lender (refer Note 2, Note 11 and Note 20). The threshold for the minimum shareholder funds covenant test was reduced as part of the amended facility agreement. The Group was in breach of the minimum cash reserves test in August 2026 for which a waiver continues to apply.

The Board intends to refinance the loan on similar terms prior to its maturity on 31 December 2027.

Equity funding

The Company has a good track-record of successfully raising capital from the equity markets, having raised \$9.00 million (before costs) during FY2026 (2025: \$2.97 million), well supported by both existing and new shareholders. The Company has existing relationships with brokers who are available to assist should further equity raisings be required.

Operating cash flows

The Group's operating cash outflows have improved from \$9.64 million in FY2025 to \$1.33 million in FY2026, an 86% improvement, underpinned by a 29% reduction in operating expenditure and the refinancing of borrowings described above, which materially reduced interest costs.

Cash flow forecasts

The Directors have reviewed the Group's cash flow forecasts and consider that the Group will have sufficient cash flows to meet its commitments for a period of at least 12 months from the date of this Report, having regard to the Group's reset cost base, growth in export sales channels and access to the refinancing facility described above.

On the basis of the factors above, the Directors are satisfied that the going concern basis of preparation is appropriate. This financial report does not include any adjustments relating to the recoverability and classification of

recorded asset amounts or classification of liabilities that might be necessary should the Group not continue as a going concern.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all the subsidiaries of the Group as at 30 June 2026 and the results of all its subsidiaries for the reporting period.

Subsidiaries refer to entities over which the Group has exposure to variable returns and ability to use power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of the potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Group. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The financial statements are presented in Australian dollars, which is Cann Group Limited's functional and presentation currency.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

The Group generates revenue primarily from the sale of medicinal cannabis products as well as from the provision of services.

Revenue from the sale of cannabis is generally recognised when control over the goods has been transferred to the customer. Payment for medicinal cannabis products is due within a specified time period as permitted by the underlying agreement and the Group's credit policy upon the transfer of goods to the customer. The Group satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

The company recognises a contract liability when a customer pays consideration, or the company has an unconditional right to an amount of consideration, before the transfer of bulk cannabis flower occurs. The advance payment received for bulk flower orders is initially recorded as a contract liability (deferred revenue). The contract liability is measured at the historical transaction price, representing the actual cash consideration received from the customer. If an advance payment is contractually due but unpaid prior to harvest or delivery, a contract liability and a corresponding receivable are recognized simultaneously.

The primary performance obligation is satisfied at a point in time—specifically, when control of the bulk flower transfers to the customer. Control typically transfers upon delivery, physical possession, and acceptance of the product by the customer (subject to regulatory quality and compliance clearances). Upon the transfer of control, the remaining balance of the contract liability is fully derecognised and recorded as revenue.

Consignment Revenue

The Group also generates revenue through consignment sales each month. Revenue from these sales is recognised only after the goods are sold by the consignee to a third party.

Service Revenue

The Group generates revenue through the provision of services including cultivation and contract packing. Revenue is recognised on a monthly basis as the services are completed.

Other income

Government grants are recognised when they are received or when the right to receive payment is established.

As the Company can reliably estimate its R&D tax incentive rebate an accrual is recognised in the current year under Australian Accounting Standards. The R&D tax incentive is recognised as other income at 43.5% of eligible expenditure when there is reasonable assurance it will be received.

Income tax

The income tax expense for the year is the tax payable on the current year's taxable income, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax assets, including any arising from unused tax losses, are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities which intend to settle current tax assets and liabilities on a net basis.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law, with Cann Group Limited as the head entity. Current and deferred tax amounts are allocated to members of the tax-consolidated group using a group allocation approach that is consistent with the principles of AASB 112, with any tax funding or tax sharing agreement balances between entities recognised as intercompany receivables or payables.

The refundable research and development (R&D) tax offset is accounted for as a government grant under AASB 120 rather than as a component of income tax expense. It is recognised as other income when there is reasonable assurance that the Group will comply with the conditions attached to it and that the offset will be received, generally in the period to which the underlying eligible R&D expenditure relates.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees and other eligible participants under the Group's employee incentive arrangements, including performance rights and options.

The fair value of equity-settled awards granted is recognised as an expense, with a corresponding increase in equity, over the period during which the recipients become unconditionally entitled to the awards (the vesting period). Fair value is measured at grant date using an appropriate option-pricing model (such as Black-Scholes or a binomial or

Monte Carlo simulation model, as appropriate to the terms and conditions of the award), taking into account the terms and conditions upon which the awards were granted.

The cumulative expense recognised at each reporting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest, adjusted for the effect of non-market vesting conditions. No expense is recognised for awards that do not ultimately vest because a non-market vesting condition is not satisfied. Market performance conditions are reflected within the grant date fair value; awards are treated as vesting, irrespective of whether the market condition is satisfied, provided all other vesting conditions are met. Where an award is cancelled by the Group or forfeited by the holder, it is treated as if it had vested on the date of cancellation or forfeiture, and any expense not yet recognised is recognised immediately.

Employee benefits

Liabilities for wages and salaries, annual leave and other short-term employee benefits that are expected to be settled wholly within twelve months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled, plus related on-costs such as payroll tax and workers' compensation premiums.

The liability for long service leave and annual leave not expected to be settled wholly within twelve months of the reporting date is recognised as a provision, measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, experience of employee departures, and periods of service, and are discounted using rates on high-quality corporate bonds (or, where a deep market in such instruments does not exist, government bonds) with terms that match, as closely as possible, the estimated future cash outflows.

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred, in accordance with the Group's obligations under the applicable superannuation guarantee legislation. The Group has no legal or constructive obligation to fund any shortfall in a defined benefit plan, as it does not participate in any such arrangements.

A liability for short-term cash-settled incentives is recognised where the Group has a present legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Bank overdrafts, where applicable, are shown within borrowings in current liabilities on the statement of financial position and, for the purpose of the statement of cash flows, are included as a component of cash and cash equivalents where they are repayable on demand and form an integral part of the Group's cash management.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has already received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised when a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers the related goods or services, such as amounts invoiced or received in advance of delivery. Contract liabilities are recognised as revenue when the Group performs the corresponding performance obligation(s) under the contract, in accordance with AASB 15 Revenue from Contracts with Customers.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with resulting exchange differences recognised in profit or loss. Non-monetary items that

are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction; non-monetary items measured at fair value are translated using the exchange rate at the date the fair value was determined.

Where the Group has foreign operations or controlled foreign entities whose functional currency differs from the Group's presentation currency, the assets and liabilities of those operations are translated into Australian dollars at exchange rates ruling at the reporting date, income and expenses are translated at average exchange rates for the period (or, if that average is not a reasonable approximation, at the rates ruling at the dates of the underlying transactions), and the resulting exchange differences are recognised in other comprehensive income and accumulated in a separate foreign currency translation reserve within equity.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred on a purchase of goods or services is not recoverable from the relevant taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or current liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross, GST-inclusive basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Inventory

Inventory is valued depending upon the specific purpose of that inventory class. Costs incurred for inventory held as research and development expenses are expensed as incurred.

Finished goods

Biomass plant inventory is valued at average cost or net realisable value, whichever is less. Oil inventory is valued at cost or net realisable value, whichever is less.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed using a fair value less costs to dispose approach based on comparable on-market transactions.

The cost of property, plant and equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

The depreciable amount of all property, plant and equipment is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

As at 30 June 2026, the Group's asset classes had effective useful lives as follows:

Asset class	Effective Useful Life
Cultivation plant and equipment	1-7 years
Manufacturing plant and equipment	2-7 years
Computer and network equipment	1-3 years
Other plant and equipment	1-3 years
Buildings	20 years
Land	N/A

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are included in the statement of profit or loss and other comprehensive income.

- increase the carrying amount to reflect interest on the lease liabilities;
- reducing the carrying amount to reflect lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Biological assets

The Group defines the biological assets as cannabis plants up to the point of harvest. Biological assets are valued at fair value less costs to sell, and where the fair value is not readily available, at the lower of cost or NRV as at the end of each reporting period.

Impairment of non-financial assets

At each reporting date, the Group's Directors review the carrying values of the Group's tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

During the year, the Group's facilities with National Australia Bank were settled and the associated financial liability was derecognised on this basis, with the resulting gain on debt forgiveness of \$55.69 million recognised in profit or loss (refer Note 27 – Income Tax for the related tax consequences under Division 245 of the Income Tax Assessment Act 1997).

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. 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 of assets, liabilities, income and expenses. Actual results may differ from these estimates. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of property, plant and equipment (refer Note 9)

An impairment loss of \$19.0 million was recognised at the half-year to 31 December 2025, comprising \$12.5 million against land and buildings and \$6.5 million against plant and equipment, all within the Mildura cash-generating unit (CGU).

Critical judgement — basis of recoverable amount

AASB 136 defines recoverable amount as the higher of fair value less costs of disposal and value in use and does not establish a hierarchy or default between the two bases; the selection is a judgement made by the directors at each reporting date and is not, of itself, a change in accounting policy. For the year ended 30 June 2026 the directors determined recoverable amount for the Mildura CGU on the basis of fair value less costs of disposal. This judgement reflects that approximately 80% of the CGU's constructed, EU-GMP certified floor area is shell space that does not generate cash flows in the Group's approved forecasts and therefore cannot be recognised in a discounted cash flow-based value-in-use calculation, notwithstanding that market evidence obtained during the year demonstrates that this capacity has realisable value.

Critical estimate — measurement of fair value less costs of disposal

Fair value less costs of disposal is a Level 3 fair value measurement under AASB 13, as it is not based on quoted prices or other observable inputs for the specific asset, and was determined internally by management with the assistance of external advisers, reviewed by the Audit & Risk Committee and approved by the Board. No independent external valuer was engaged in preparing the estimate. The estimate blends a market approach (\$ per m² of certified floor area, weighted 40%), a capacity approach (\$ per tonne of annual design production capacity, weighted 30%) and a cost approach (depreciated replacement cost, weighted 30%), less estimated costs of disposal of approximately 2.5% of the blended asset value. The most significant unobservable inputs, and the sensitivity of the estimate to reasonably possible changes in them, are set out in Note 9 Property, Plant and Equipment.

Key sources of estimation uncertainty

The estimate of recoverable amount is sensitive to the market and capacity rates applied to the CGU's certified but unfitted (shell) floor area, to the weighting given to the market, capacity and cost approaches, and to the extent to which a single, post-balance-date and not-completed corroborative transaction is relied upon. A reasonably possible change in these assumptions, particularly if more than one moves adversely at the same time, could reduce recoverable amount below the carrying amount of the CGU (\$44.7 million) in a future reporting period; refer to the sensitivity analysis in Note 9.

As at 30 June 2026, the Directors identified impairment indicators, including a reduction in the Group's market capitalisation relative to its net assets, and performed a fair valuation assessment of the Mildura CGU using a fair value less costs to dispose approach based on comparable on-market transactions. The property, plant and equipment was assessed at a fair value in a range (low to high) of \$45.0 million to \$77.1 million (2025: Value in Use of \$70.20 million); no further impairment was identified as a result of this assessment.

Recognition of research and development tax incentive

The Group is entitled to claim tax offsets from the Australian Government under the Research and Development Tax Incentive (RDTI) programme, administered by AusIndustry and the ATO, which may audit or review claims for up to four years after lodgement. In the Directors' assessment — having regard to independent external expertise engaged to prepare and support the Group's claims — the likelihood of a negative finding on review is considered remote. The Group has accrued its estimate of the FY2026 RDTI benefit based on eligible expenditure incurred to 30 June 2026.

Write-down of inventories (refer Note 8)

The assessment of any write-down of inventories to net realisable value requires estimation and judgement, having regard to recent sales experience, the ageing of inventory and other indicators of obsolescence.

Classification and valuation of the convertible note derivative (refer Note 12)

The classification of the conversion feature embedded in the Group's convertible notes as a derivative liability rather than as equity, and the measurement of that derivative, involve significant judgement. The valuation uses unobservable inputs (a Level 3 fair value measurement, using a least squares Monte Carlo simulation) and a change in those inputs would change both the fair value of the derivative and the effective interest rate applied to the host liability.

Non-recognition of carried-forward tax losses

The balance of future income tax benefit estimated at \$7.57 million (2025: \$3.78 million) arising from current year tax losses of \$30.29 million (2025: \$15.13 million) and timing differences has not been recognised as a deferred tax asset because it is not probable that future taxable profit will be available against which the tax losses can be utilised. The cumulative future income tax benefit estimated at \$27.23 million (2025: \$32.53 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 affect the Company in realising the benefit.

During the year the Group settled its facilities with National Australia Bank. The net forgiven amount of debt of \$55.69 million reduced carried-forward tax losses under Division 245 of the Income Tax Assessment Act 1997 (Cth). As a consequence, carried-forward tax losses decreased from \$117.61 million to \$92.22 million, notwithstanding a current year tax loss of \$30.29 million.

Note 4. 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, whose operating results are regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance, and for which discrete financial information is available. The chief operating decision maker is the Board of Directors.

The Group operates in one operating segment, being the cultivation, manufacture and supply of medicinal cannabis products. The Board reviews the financial performance of the Group as a whole, and the information reported to the

Board is the same as that presented in the statement of profit or loss and other comprehensive income and the statement of financial position. No operating segments have been aggregated. The measure of segment profit or loss is profit or loss after income tax, and segment assets and liabilities are total assets and total liabilities as presented in those statements.

Segment results reported to the Board include items directly attributable to the segment and those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

Geographical information

Revenue is attributed to geographical locations based on the location of the customer. Non-current assets are attributed based on the physical location of the asset and exclude financial instruments and deferred tax assets.

	Revenue from external customers		Non-current assets	
	30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000
Australia (country of domicile)	7,168	11,236	44,690	69,171
The United Kingdom	1,041	—	—	—
New Zealand	355	64	—	—
Total	8,563	11,300	44,690	69,171

Export sales during the year to the United Kingdom generated \$1.0 million of revenue (2025: nil) and New Zealand sales grew to \$0.4 million (2025: \$0.1 million). Together, international sales represented 16% of Group revenue for FY2026 (2025: less than 1%).

Major customers

Three customers each individually contributed more than 10% of Group revenue during FY2026 (2025: one customer).

Note 5. Revenue and other income

	30 June 2026 \$'000	30 June 2025 \$'000
Revenue from sales of products	8,551	11,138
Revenue from services	12	162
Revenue from customer contracts	8,563	11,300

	30 June 2026 \$'000	30 June 2025 \$'000
Research and development tax incentives and other government grants	745	1,946
Other income	345	7
Other income total	1,090	1,953

Revenue from the sale of cannabis products is recognised when control over the goods has passed to the customer, generally on delivery and acceptance. Consignment revenue is recognised only once the goods are on-sold by the consignee to a third party. Service revenue (cultivation and contract packing) is recognised as the services are performed. Government grants, including the R&D tax incentive, are recognised when received or when the right to receive payment is established and can be reliably measured.

Note 6. Administration and corporate costs

	Note	30 June 2026 \$'000	30 June 2025 \$'000
Other corporate and administration expenses		2,817	1,986
Research and development expenses		(41)	781

	Note	30 June 2026 \$'000	30 June 2025 \$'000
Insurance expenses		647	1,080
Legal and consultancy expenses		303	652
Total administration and corporate costs		3,726	4,499

Note 7. Trade and other receivables**Current assets**

	30 June 2026 \$'000	30 June 2025 \$'000
Trade receivables	445	587
Less: loss allowance	(1)	-
Trade receivables net	444	587
Other receivables		
R&D tax incentive accrual	615	1,646
Accrued revenue from consignment sales	82	524
Total other receivables	697	2,170
Total trade and other receivables	1,140	2,757

Expected credit losses

The Group applies the simplified approach permitted by AASB 9 and measures the loss allowance on trade receivables at an amount equal to lifetime expected credit losses. The allowance is determined using a provision matrix based on days past due, grouped by shared credit risk characteristics, and adjusted for forward-looking information about the medicinal cannabis market and the financial condition of individual counterparties. Management assesses the ability to recover trade receivables on an individual basis and where recovery is doubtful an allowance is recognised.

Receivables are written off when there is no reasonable expectation of recovery. Indicators include the failure of a debtor to engage in a repayment plan, the debtor entering external administration, and the failure to make contractual payments for a period greater than 180 days past due. Amounts written off are not subject to enforcement activity. Trade receivables average debtor days are 18 (2025: 35).

Ageing of trade and other receivables

	30 June 2026 \$'000	30 June 2025 \$'000
Not overdue	951	2,266
0 to 3 months overdue	5	252
3 to 6 months overdue	-	178
Over 6 months overdue	184	71
Total	1,140	2,757

	Expected credit loss rate %	Gross carrying amount	Loss allowance	Net carrying amount
Not overdue	-	951	-	951
0 to 3 months overdue	-	5	-	5
3 to 6 months overdue	-	-	-	-
Over 6 months overdue	1%	185	(1)	184
Total		1,141	(1)	1,140

Credit risk

The maximum exposure to credit risk at the reporting date is the carrying amount of trade and other receivables. The Group holds no collateral or other credit enhancements over these balances. Trade receivables are non-interest bearing and are generally on 30-day terms.

Note 8. Inventories

	Note	30 June 2026 \$'000	30 June 2025 \$'000
Cultivation materials and work in progress		152	546
Other inventories		32	37
Finished goods		4,392	3,667
Total inventories		4,576	4,343

Inventory is measured at the lower of cost and net realisable value. Biological assets (cannabis plants up to the point of harvest) are valued at fair value less costs to sell, or where fair value is not readily determinable, at the lower of cost and net realisable value. During the year a write-down of inventories of \$1.7 million was recognised (2025: \$3.9 million).

Note 9. Property, plant and equipment

	Note	30 June 2026 \$'000	30 June 2025 \$'000
Land and buildings – at cost		77,056	77,062
Less: accumulated depreciation		(11,881)	(9,798)
Less: impairment		(27,198)	(14,730)
		37,977	52,534
Freehold improvements – at cost		391	476
Less: accumulated depreciation		(343)	(425)
		48	51
Plant and equipment – at cost		40,487	41,561
Less: accumulated depreciation		(22,520)	(20,042)
Less: impairment		(11,920)	(5,396)
		6,047	16,123
Fixtures and fittings – at cost		868	894
Less: accumulated depreciation		(608)	(533)
		260	361
Computer equipment – at cost		582	582
Less: accumulated depreciation		(578)	(565)
		4	17
Capital work in progress		354	85
Total property, plant and equipment		44,690	69,171

Reconciliation — year ended 30 June 2026

	Land & buildings \$'000	Freehold Improvements \$'000	Plant & equipment \$'000	Fixtures & fittings \$'000	Computer equip. \$'000	Capital WIP \$'000	Total \$'000
Balance at 1 July 2025	52,534	51	16,123	361	17	85	69,171
Additions	-	-	-	-	-	406	406
Disposals	-	-	(18)	-	-	-	(18)
Impairment of assets	(12,468)	-	(6,524)	-	-	-	(18,992)
Write off of assets	-	-	-	-	-	(45)	(45)
Transfers in/(out)	-	-	92	-	-	(92)	-
Depreciation expense	(2,089)	(3)	(3,626)	(101)	(13)	-	(5,832)
Balance at 30 June 2026	37,977	48	6,047	260	4	354	44,690

Reconciliation — year ended 30 June 2025

	Land & buildings \$'000	Freehold Improvements \$'000	Plant & equipment \$'000	Fixtures & fittings \$'000	Computer equip. \$'000	Capital WIP \$'000	Total \$'000
Balance at 1 July 2024	55,036	82	20,160	487	148	531	76,144
Additions	-	-	-	-	-	178	178
Disposals	(34)	-	-	-	-	(7)	(41)
Impairment of assets	-	-	-	-	-	-	-
Write off of assets	-	-	-	-	-	-	-
Transfers in/(out)	-	38	579	-	-	(617)	-
Depreciation expense	(2,468)	(69)	(4,616)	(126)	(131)	-	(7,410)
Balance at 30 June 2025	52,534	51	16,123	361	17	85	69,171

Key judgements – impairment of property, plant and equipment

The Group's cultivation and manufacturing facility at Mildura, Victoria (the "Mildura CGU") is the Group's principal cash-generating unit for the purposes of AASB 136 Impairment of Assets, with a carrying amount of \$44.7 million at 30 June 2026. An impairment loss of \$19.0 million was recognised at the half-year to 31 December 2025, comprising \$12.5 million against land and buildings and \$6.5 million against plant and equipment, all within the Mildura cash-generating unit (CGU).

Impairment testing

At 30 June 2026 the directors identified indicators that the Mildura CGU may be impaired, being: the Group's market capitalisation was below the Group's net assets; the Group experienced covenant breaches under its banking facility at various times between February and June 2026, waived on 26 June 2026; and a substantial proportion of the facility's constructed floor area remained unfitted and under-utilised (production was conducted on approximately 15% of the total footprint at 30 June 2026). These indicators required the directors to estimate the recoverable amount of the Mildura CGU. The directors also had regard to a favourable external development during the period — a change in German regulatory settings that materially increased demand for EU-GMP certified cannabis cultivation and manufacturing capacity, evidenced by comparable market transactions during FY26 (see below).

Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"); AASB 136 does not require both to be determined, and permits recoverable amount to be based on FVLCD alone where it can be measured reliably. The directors determined recoverable amount for the Mildura CGU on the basis of FVLCD. This reflects that approximately 80% of the CGU's constructed, EU-GMP certified floor area is shell space that is not yet fitted out and does not generate cash flows in the Group's approved forecasts; a discounted cash flow-based value in use calculation cannot recognise the value of this space, whereas comparable market transactions during the period demonstrate that market participants do ascribe value to certified but unfitted capacity. An updated value-in-use calculation and a depreciated replacement cost benchmark were also prepared as cross-checks (see below) but were not required, and were not relied upon, to support the conclusion that no impairment exists.

Determination of FVLCD

FVLCD was determined using a Level 3 fair value measurement (AASB 13), blending three valuation approaches applied to the CGU's 6,600 m² of fitted-out certified cultivation space and 26,700 m² of constructed, certified but unfitted ("shell") space:

- a market approach, applying an observed \$ per square metre transaction rate to the fitted space in full and to the shell space discounted for the cost and time to complete fit-out;
- a capacity approach, applying an observed \$ per tonne of annual production capacity rate to the facility's 12.5 tonne per annum design capacity at its current fit-out; and
- a cost approach, being the depreciated replacement cost of the fitted and shell space based on current build cost benchmarks for comparable EU-GMP indoor cultivation and cleanroom/manufacturing space.

The three approaches were weighted 40% (market), 30% (capacity) and 30% (cost) to arrive at a blended asset value, from which estimated costs of disposal of approximately 2.5% were deducted to arrive at FVLCD.

	Low \$m	Mid (adopted) \$m	High \$m
Lens 1 — market approach	32.0	64.1	99.0
Lens 2 — capacity approach	43.6	53.5	63.4
Lens 3 — cost approach (depreciated replacement cost)	36.3	52.8	68.1
Blended asset value (40% / 30% / 30%)	36.8	57.5	79.0
Less: costs of disposal	(0.9)	(1.4)	(2.0)
Fair value less costs of disposal	35.9	56.1	77.1
Carrying amount of the Mildura CGU	44.7	44.7	44.7
Headroom / (impairment)	(8.8)	11.4	32.4

On the mid-case, which the directors adopted as the point estimate on the basis that it is the case in which the three independent approaches converge, recoverable amount (FVLCD) of \$56.1 million exceeded the carrying amount of \$44.7 million, and no impairment was recognised in respect of the Mildura CGU at 30 June 2026 (2025: nil).

Sensitivity

Because the estimate of recoverable amount involves significant judgement and unobservable inputs, the directors tested the sensitivity of the conclusion to reasonably possible changes in each material input, holding all other inputs at their mid-case (base) setting. Across the individual sensitivities tested recoverable amount exceeded the carrying amount of the Mildura CGU except at the lowest range, with headroom ranging from approximately (\$8.8) million to \$32.4 million (base case: \$11.4 million). Under the combined low-end assumptions across all three valuation approaches, impairment of the asset may be required, indicating that recoverable amount is sensitive to the assumptions adopted and that a reasonably possible change in more than one input at once could result in impairment in a future period.

Note 10. Trade and other payables

	Note	30 June 2026 \$'000	30 June 2025 \$'000
Mildura construction		6	16
Contract manufacturing		366	397
Cultivation vendors		848	1,178
Accrued expenses		1,845	1,896
Research and development		-	18
Other vendors		2,430	1,337
Total trade and other payables		5,495	4,844

Trade and other payables are unsecured, non-interest bearing and are typically settled on 30–45 day terms.

Note 11. Borrowings

Current liabilities

	Note	30 June 2026 \$'000	30 June 2025 \$'000
NAB working capital facility (i)		-	15,600
Construction facility (i)		-	52,117
Chattel mortgages		11	129
Short term loans (iii)		-	5,839
R&D tax incentive loan advance (iv)		469	1,176
Total current borrowings		480	74,861

Non-current liabilities

	Note	30 June 2026 \$'000	30 June 2025 \$'000
Refinancing loan (ii)		15,356	-
Chattel mortgages		-	286
Total non-current borrowings		15,356	286
Total borrowings		15,836	75,147

Reconciliation of liabilities arising from financing activities

	Borrowings	Lease facilities	Total
Balance at 1 July 2025	74,732	415	75,147
Cash flows from financing activities			
Proceeds from borrowings	10,020	-	10,020
Repayment of principal / lease payments	(16,771)	(61)	(16,832)
Other amounts paid	(555)	-	(555)
Non-cash charges			
Interest and fees capitalised	3,952	-	3,952
Interest settled by issue of equity	(201)	-	(201)
Debt forgiven (NAB restructure)	(55,343)	-	(55,343)
Lease liability derecognised / written off	-	(343)	(343)
Other administrative adjustments	(9)	-	(9)
Balance at 30 June 2026	15,825	11	15,836

(i) National Australia Bank facilities

The working capital facility (\$15.60 million) and construction facility, both originally executed in 2020–2022, were cross-collateralised, co-defaulting, and secured by real property mortgages over the Mildura facility and a general security deed over the Group's assets. On 15 December 2025, the Group executed a forbearance and settlement deed with NAB and paid an agreed settlement of \$15.30 million. In exchange, NAB released all security (including discharging all real property mortgages) and released the Group from all remaining liability under the facilities, which were then closed. Total indebtedness discharged was \$70.64 million (working capital facility \$15.60 million, construction facility \$53.86 million including capitalised interest, and an overdraft of \$1.16 million). A gain on debt forgiveness of \$55.69 million was recognised in profit or loss (refer statement of profit or loss).

(ii) Refinancing loan

On 11 December 2025, the Group executed a facility agreement with an Australian private credit fund to partially fund the NAB settlement. The facility rolled over a pre-existing secured loan of \$5.45 million with the same lender and advanced new money of \$9.00 million. A facility fee of \$0.14 million and a work fee of \$0.16 million were capitalised, giving a drawn balance of \$14.75 million on establishment. The principal bears interest at 12.5% per annum (fixed), of

which 9.5% is payable monthly in arrears and 3.0% is capitalised and payable at maturity; \$0.60 million of interest was capitalised during the year, giving a carrying amount of \$15.36 million at 30 June 2026. The facility has a two-year term, maturing 31 December 2027, and is secured by a general security deed and real property mortgages over the Mildura facility, ranking first following discharge of the NAB security. The lender was issued 63,439,600 options exercisable at 1.46 cents, approved by shareholders at the AGM held 28 November 2025, with a grant date fair value of \$0.15 million recognised in the other reserve (refer Note 14).

Covenants

The refinancing loan is subject to financial covenants including a minimum shareholder funds test, a minimum cash reserve, a maximum capital expenditure limit and a debt-to-asset ratio test. At 30 June 2026, the Group was in compliance with all covenants other than the minimum shareholder funds test, for which a waiver was obtained from the lender prior to year end, such that the lender had no right to demand repayment at the reporting date. Accordingly, the loan has been classified as a non-current liability.

On 3 July 2026, a \$2.00 million facility limit increase was negotiated with the refinancing lender, available for specific purposes as agreed between the Company and the lender (refer Note 2 and Note 20). The threshold for the minimum shareholder funds covenant test was reduced as part of the amended facility agreement. The Group was in breach of the minimum cash reserves test in August 2026 for which a waiver continues to apply.

(iii) Short-term loans and financing facilities

The \$5.00 million secured debt facility executed 3 May 2024, which had a carrying amount of \$5.45 million immediately before settlement, was rolled into the refinancing loan described in (ii) on 11 December 2025; no amount remained outstanding at 30 June 2026. Short-term finance arrangements used to fund insurance premiums entered in October 2024 and June 2025 were repaid during the year in accordance with their terms.

(iv) R&D tax incentive loan advance

On 25 June 2026, the Group drew down \$0.47 million against its expected FY2026 R&D tax incentive, based on eligible activity from 1 July 2025 to 30 April 2026, subject to 16% interest per annum, repayable together with capital on receipt of the incentive (by 31 October 2026). Prior year advances totalling \$1.18 million were repaid on receipt of the FY2025 incentive during the year.

Note 12. Convertible notes

Carrying amount

Note	30 June 2026 \$'000	30 June 2025 \$'000
Current – host liability at amortised cost	474	241
Current – fair value of embedded derivative	142	269
Non-current – host liability at amortised cost	-	182
Non-current – fair value of embedded derivative	-	-
Total convertible notes	616	693

Classification and measurement

The convertible securities are convertible at the noteholder's election at the lesser of a variable price referenced to the volume weighted average price of the Company's shares and a fixed premium conversion price. Because the number of shares to be delivered varies, the conversion feature does not meet the fixed-for-fixed condition in AASB 132 Financial Instruments: Presentation and is not classified as an equity instrument. The face value is denominated in United States dollars while the Group's functional currency is Australian dollars. The conversion feature is therefore separated from the host debt as an embedded derivative and measured at fair value through profit or loss under AASB 9 Financial Instruments; the host liability is measured at amortised cost using the effective interest method and is retranslated at each reporting date, with exchange differences recognised in profit or loss. On conversion, the carrying amount of the host liability and the attributable embedded derivative are derecognised and credited to issued capital, with no gain or loss arising.

Movements during the year

	30 June 2026 \$'000	30 June 2025 \$'000
Balance at the start of the period	693	2,420
Proceeds received	750	750
Cost of issuance	(10)	(64)
Transfer from equity	208	-
Finance costs accreted at the effective interest rate	63	70
Converted into ordinary shares	(1,230)	(2,422)
Fair value movement on the embedded derivative	142	9
Balance at the end of the period	616	693

Terms of the convertible securities**Initial note**

On 21 November 2023 the Company entered into an unsecured convertible note funding arrangement with Obsidian Global GP, LLC with an aggregate limit of up to \$15 million. On 27 November 2023 the Company issued 1,322,200 convertible notes at a face value of US\$1.15, for gross proceeds of \$2 million. On 1 March 2024 an event of default was triggered by the Company's suspension from trading on the ASX, increasing the face value by 10% to US\$1.265 and applying the default conversion price and default interest terms. As at 30 June 2026 no notes remained outstanding from this issue (30 June 2025: 126,963 notes).

Second purchase

On 27 February 2025 the Company agreed to a \$750,000 drawdown. Proceeds were received in two tranches, \$150,000 on 5 March 2025 and \$600,000 on 18 March 2025, and 480,810 convertible notes were issued for proceeds of US\$1 each and a face value of US\$1.15 each. As at 30 June 2026 no notes remained outstanding from this issue (30 June 2025: 480,810 notes).

Third purchase

On 16 March 2026 the Company entered into a new convertible securities agreement to raise \$750,000 before costs. On 18 March 2026 the Company issued 527,100 convertible notes for proceeds of US\$1 each and a face value of US\$1.15 each, an aggregate face value of US\$606,165. The notes carry no coupon and were repayable 18 months after execution at 105% of the amount outstanding.

The notes are convertible at the noteholder's election at the lesser of 92% of the average of the three lowest daily volume weighted average prices during the 15 trading days before the conversion notice, and a premium conversion price of \$0.015. The premium conversion price reduces if the Company issues shares or convertible securities at a lower price. A default conversion price of the lesser of 80% of the lowest daily volume weighted average price over 10 trading days and the premium conversion price applies on an event of default.

The Company may not issue more than 195,000,000 ordinary shares under the agreement without shareholder approval. Under the agreement the Company also issued 18,750,000 placement shares, of which 8,416,667 were new shares, for consideration payable by the noteholder within 15 trading days of termination of the facility and agreed to issue 25,000,000 options exercisable at \$0.015 and expiring two years after issue, subject to shareholder approval on or before the next annual general meeting. If shareholder approval is not obtained the Company must pay \$50,000 in lieu. As settlement in cash is contingent on an event outside the Company's control, the obligation is recognised as a financial liability of \$50,000 and is included in trade and other payables.

As at 30 June 2026, 350,000 notes remained outstanding from the third purchase with an aggregate face value of US\$402,500 (30 June 2025: nil).

Conversions during the year

During the year ended 30 June 2026, 657,910 notes were converted into 185,613,443 ordinary shares, of which 177,100 notes related to the third purchase. Shares issued on conversion are detailed in note 13.

Fair value of the embedded derivative

The embedded conversion option is measured at fair value through profit or loss and is classified within Level 3 of the fair value hierarchy because the significant inputs are not based on observable market data. The conversion price depends on the path of the Company's share price through the measurement window, so the option is valued using a least squares Monte Carlo simulation with the holder's exercise decision solved by backward induction. The model is calibrated so that the fair value of the instrument at initial recognition equals the consideration received.

The significant unobservable inputs at initial recognition were an expected volatility of 100% per annum, a market yield of 25% per annum on comparable non-convertible debt, and a discount for the liquidity constraint arising from the 195,000,000 share cap and traded volumes. The fair value of the embedded derivative on initial recognition was \$0.1 million.

Key judgements and estimates

The classification of the conversion feature as a derivative liability rather than equity, and the measurement of that derivative, involve significant judgement. The valuation uses unobservable inputs and a change in those inputs would change both the fair value of the derivative and, as a consequence, the effective interest rate applied to the host liability. Judgement has also been applied in accounting for the agreement of 30 June 2026 as a remeasurement of the host liability to the amount contractually payable rather than as an extinguishment and recognition of a new liability.

Early redemption

On 30 June 2026 the Company agreed with the noteholder to redeem in full all 350,000 convertible notes remaining on issue. Under that agreement the notes are redeemed at 100% of their aggregate face value of US\$402,500, with the noteholder waiving the additional 5% premium of US\$20,125 that would otherwise have applied on an early redemption. After set-off of US\$38,796 payable by the noteholder in respect of placement shares, the net amount payable by the Company is US\$363,704. Amounts are offset because a legally enforceable right of set-off exists and the parties intend to settle on a net basis.

The redemption notice was issued on 30 June 2026 and payment was made on 3 July 2026 from the proceeds of the refinancing loan facility extension referred to in note 11. The liability is presented as a current liability at the reporting date. On payment all convertible notes were cancelled and the facility ended.

Note 13. Issued capital

	Note	30 June 2026 Shares/\$'000	30 June 2025 Shares/\$'000
Ordinary shares – fully paid (number)		1,660,593,585	636,176,155
Ordinary shares – fully paid (\$'000)		197,717	187,951

Movements in ordinary share capital — year ended 30 June 2026

Details	Date	Shares	Issue price	\$'000
Balance	1 Jul 2025	636,176,155		187,951
Shares issued under conversion of convertible notes	8 Jul 2025	15,130,872	0.0083	125
Shares issued under conversion of convertible notes	3 Sep 2025	12,306,575	0.0098	121
Shares issued under conversion of convertible notes	25 Sep 2025	11,546,780	0.0098	113
Shares issued under conversion of convertible notes	26 Sep 2025	28,414,222	0.0098	279
Shares issued under share placement	31 Oct 2025	120,395,238	0.0115	1,385
Shares issued under conversion of convertible notes	14 Nov 2025	6,116,623	0.0100	61
Shares issued under share purchase plan	24 Nov 2025	127,597,050	0.0100	1,276
Shares issued under conversion of convertible notes	2 Dec 2025	4,517,749	0.0100	45
Shares issued under share purchase plan shortfall	3 Dec 2025	122,402,950	0.0100	1,224
Shares issued under share placement	3 Dec 2025	444,822,153	0.0115	5,115
Shares issued for capitalisation of interest on borrowings	5 Dec 2025	15,169,929	0.0131	201
Shares issued under conversion of convertible notes	10 Dec 2025	10,915,924	0.0080	87
Shares issued under conversion of convertible notes	23 Dec 2025	15,300,442	0.0074	113
Transaction costs associated with share placements and SPP		-		(724)
Correction of fair value of shares issued on conversion of convertible notes		-		(124)
Shares issued under conversion of convertible notes	8 Jan 2026	17,554,003	0.0070	122
Shares issued under the convertible securities agreement	18 Mar 2026	8,416,667	0.0070	59
Shares issued under conversion of convertible notes	15 Apr 2026	15,448,484	0.0053	82
Shares issued under conversion of convertible notes	1 May 2026	13,163,102	0.0049	65
Shares issued under conversion of convertible notes	22 May 2026	16,008,908	0.0046	73
Shares issued under conversion of convertible notes	18 Jun 2026	19,189,759	0.0036	68
Balance	30 Jun 2026	1,660,593,585		197,717

Movements in ordinary share capital — year ended 30 June 2025

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2024	445,846,142		182,899
Shares issued under conversion of Convertible Notes	4 July 2024	6,379,543	\$0.02	178
Shares issued under conversion of Convertible Notes	15 July 2024	15,050,476	\$0.02	428
Shares issued under conversion of Convertible Notes	9 September 2024	1,660,322	\$0.03	60
Shares issued under conversion of Convertible Notes	8 November 2024	10,749,762	\$0.03	416
Shares issued under non-renounceable rights offer (NREO)	2 December 2024	50,724,489	\$0.04	2,029
Transaction costs associated with issuing equity		-	-	(77)
Shares issued as repayment of short-term loan	6 December 2024	5,675,343	\$0.04	227
Shares issued under conversion of Convertible Notes	4 February 2025	10,026,950	\$0.03	321
Shares issued on exercise of options issued under NREO	6 February 2025	799	\$0.22	-
Shares issued under the Special Purchase Agreement	21 March 2025	7,000,000	\$0.02	105
Shares issued on exercise of options	3 April 2025	1,185	\$0.08	-
Shares issued under conversion of Convertible Notes	3 April 2025	7,930,438	\$0.02	178
Shares issued in Private Placement	8 April 2025	41,876,573	\$0.02	712
Shares issued under conversion of Convertible Notes	30 April 2025	7,676,567	\$0.02	119
Shares issued under conversion of Convertible Notes	20 May 2025	11,607,322	\$0.02	178
Shares issued under conversion of Convertible Notes	13 June 2025	13,970,244	\$0.01	178
Balance	30 June 2025	636,176,155		187,951

Ordinary shares participate in dividends and the proceeds of winding up of the Group in proportion to the number of shares held. At shareholders' meetings, each ordinary share carries one vote on a poll (one vote per shareholder on a show of hands).

Note 14. Reserves and share-based payments

	30 June 2026 \$'000	30 June 2025 \$'000
Foreign currency reserve	28	(5)
Share-based payments reserve	591	520
Convertible note reserve	127	335
Other reserve	463	241
Total reserves	1,209	1,091

For share-based payments to employees and Key Management Personnel, fair value is measured by reference to the fair value of the equity instruments at grant date. Awards with non-market vesting conditions vest pro-rata to achievement of those conditions; awards with no performance condition are valued using the Black-Scholes model, and awards with market-based performance conditions using a binomial model. Employee remuneration expense in respect of options for the year was \$0.10 million (2025: \$0.11 million).

Movement in performance rights on issue

No performance rights were issued during the year (2025: nil) and none remained outstanding at 30 June 2026 (2025: 554,466):

Grant date	Expiry date	Exercise price	Balance at start	Granted	Exercised	Expired/forfeited	Balance at end
10 Feb 23	10 Feb 26	\$0.000	554,466	-	-	(554,466)	-
Total			554,466	-	-	(554,466)	-
Weighted average exercise price		\$0.000		-	-	\$0.000	-

Movement in options on issue

933,580,657 options were granted during the year, principally: 265,000,000 options at \$0.0100 and 565,217,391 options at \$0.0115 (both expiring 15 June 2026) issued in connection with the December 2025 capital raising and refinancing — all of which lapsed unexercised on 15 June 2026; 29,723,666 options at \$0.0230 to the lead manager of the December 2025 placement; 63,439,600 options at \$0.0146 to the refinancing lender (both expiring 24 December 2027); and 9,000,000 options to the former CEO and Managing Director (forfeited on cessation of employment) and 1,200,000 options to non-executive directors. A total of 198,266,601 options remained outstanding at 30 June 2026 (2025: 107,943,332), with a weighted average exercise price of \$0.0465 (2025: \$0.0737) and a weighted average remaining contractual life of 1.25 years (2025: 2.9 years). Options granted during the year were valued using a binomial model (Black-Scholes shown as a cross-check only), with a weighted average fair value of \$0.0013 per option. The expense in respect of the options granted in the year was \$1.45 million (2025: nil).

Grant date	Expiry date	Exercise price	Balance at start	Granted	Exercised	Expired/forfeited	Balance at end
4 Apr 23	4 Apr 28	\$0.2200	800,000	—	—	(240,000)	560,000
6 Nov 24	31 Oct 29	\$0.0800	1,200,000	—	—	(800,000)	400,000
11 Nov 24	11 Nov 26	\$0.2250	13,471,734	—	—	—	13,471,734
13 Nov 24	30 Jun 29	\$0.0600	4,875,001	—	—	—	4,875,001
13 Nov 24	30 Jun 29	\$0.0800	4,875,001	—	—	(1,500,000)	3,375,001
13 Nov 24	30 Jun 29	\$0.1000	4,874,998	—	—	(1,499,997)	3,375,001
2 Dec 24	2 Dec 26	\$0.0800	18,799,046	—	—	—	18,799,046
2 Jun 25	2 Jun 27	\$0.0508	1,746,147	—	—	—	1,746,147
2 Jun 25	2 Jun 27	\$0.0523	7,924,832	—	—	—	7,924,832
8 Apr 25	4 Jun 27	\$0.0300	49,376,573	—	—	—	49,376,573
10 Dec 25	30 Jun 30	\$0.0140	—	3,000,000	—	(3,000,000)	—
10 Dec 25	30 Jun 30	\$0.0230	—	3,000,000	—	(3,000,000)	—
10 Dec 25	30 Jun 30	\$0.0350	—	3,000,000	—	(3,000,000)	—
10 Dec 25	31 Oct 30	\$0.0230	—	1,200,000	—	—	1,200,000
24 Dec 25	15 Jun 26	\$0.0100	—	265,000,000	—	(265,000,000)	—
24 Dec 25	15 Jun 26	\$0.0115	—	565,217,391	—	(565,217,391)	—
24 Dec 25	24 Dec 27	\$0.0230	—	29,723,666	—	—	29,723,666
24 Dec 25	24 Dec 27	\$0.0146	—	63,439,600	—	—	63,439,600
Total			107,943,332	933,580,657	—	(843,257,388)	198,266,601
Weighted average exercise price			\$0.0737	\$0.0118	—	\$0.0116	\$0.0465

The weighted average remaining contractual life of options outstanding at 30 June 2026 was 1.25 years (2025: 2.9 years). The weighted average fair value of options granted during the year was \$0.0013 per option.

Valuation of options granted

The following table sets out the inputs to the models used to value options granted during the year and in the comparative period. Options granted in the current year were valued using a binomial model;

Grant	Number	Grant date	Spot price	Exercise price	Expiry	Volatility	Risk free rate	Fair value \$
CEO options – tranche 1	3,000,000	10 Dec 25	\$0.0080	\$0.0140	30 Jun 30	73%	3.60%	11,086
CEO options – tranche 2	3,000,000	10 Dec 25	\$0.0080	\$0.0230	30 Jun 30	73%	3.60%	8,814
CEO options – tranche 3	3,000,000	10 Dec 25	\$0.0080	\$0.0350	30 Jun 30	73%	3.60%	7,084
Non-executive director options	1,200,000	10 Dec 25	\$0.0080	\$0.0230	31 Oct 30	73%	3.60%	3,728
Capital raising options	265,000,000	24 Dec 25	\$0.0090	\$0.0100	15 Jun 26	73%	3.60%	531,978
Refinancing options	565,217,391	24 Dec 25	\$0.0090	\$0.0115	15 Jun 26	73%	3.60%	724,368

Grant	Number	Grant date	Spot price	Exercise price	Expiry	Volatility	Risk free rate	Fair value \$
Placement lead manager options	29,723,666	24 Dec 25	\$0.0090	\$0.0230	24 Dec 27	73%	3.60%	47,472
Lender options	63,439,600	24 Dec 25	\$0.0090	\$0.0146	24 Dec 27	73%	3.60%	145,150
Total	933,580,657							1,479,680

Expected volatility of 73% was determined from the historical volatility of the Company's share price over a period matched to the expected life of each grant. No dividends were assumed. The expected life equals the contractual term.

Note 15. Profit/(loss) per share

	Note	30 June 2026 \$'000	30 June 2025 \$'000
Profit/(loss) after income tax		20,625	(22,345)

	Note	30 June 2026 Number	30 June 2025 Number
Weighted average number of ordinary shares – basic EPS		1,218,484,186	528,049,376
Weighted average number of ordinary shares – diluted EPS		1,416,750,787	528,049,376

	Note	30 June 2026 Cents	30 June 2025 Cents
Basic profit/(loss) per share		1.69	(4.23)
Diluted profit/(loss) per share		1.46	(4.23)

Note 16. Key management personnel disclosures

Disclosures relating to Key Management Personnel compensation, equity holdings and option holdings are set out in the Remuneration Report forming part of the Directors' Report (section 2 of this Annual Report), which has been prepared and, where required, audited in accordance with section 300A of the Corporations Act 2001.

	30 June 2026 \$'000	30 June 2025 \$'000
Short-term employee benefits	648	592
Post-employment benefits	42	55
Share-based payments	(37)	58
Total KMP compensation	653	705

Note 17. Remuneration of auditors

	30 June 2026 \$'000	30 June 2025 \$'000
(i) Audit and other assurance services paid during the year		
Audit and review of financial statements - William Buck	-	23
Tax compliance services and other regulatory compliance – William Buck	-	(7)
Audit and review of financial statements – Connect National Audit	87	35
Total remuneration	87	58

Note 18. Related party transactions

The parent entity of the Group is Cann Group Limited. Transactions between the Group and related parties, where they occur, are conducted on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated. Disclosures relating to Key Management Personnel are set out in Note 16 and in the Remuneration Report.

On 1 December 2025, M Ryan was appointed Chairman of the Group and on 5 May 2026 he was appointed Interim Executive Chairman. Fees payable to his proprietary company 'Ryancapital.au Pty Ltd' in the year to 30 June 2026 were \$112,859 exclusive of GST (2025: nil).

There were no other related party transactions in the year to 30 June 2026.

Note 19. Contingent liabilities

There were no contingent liabilities as at 30 June 2026 (2025: nil).

Note 20. Events after the reporting period

On 30 June 2026, the Company agreed to redeem in full its remaining convertible notes (refer Note 12). Payment of \$0.53 million (net of set-off) was made on 3 July 2026, from the proceeds of the refinancing loan facility extension, and all convertible notes were redeemed.

On 3 July 2026, a \$2.00 million facility limit increase was negotiated with the refinancing lender, available for specific purposes as agreed between the Company and the lender (refer Note 2 and Note 11). The threshold for the minimum shareholder funds covenant test was reduced as part of the amended facility agreement. The Group was in breach of the minimum cash reserves test in August 2026 for which a waiver continues to apply.

Stannards Audit Pty Ltd was appointed auditor on 13 July 2026 with ASIC consent; the audit partner and team are unchanged.

No other material events have occurred between 30 June 2026 and the date this report is signed.

Note 21. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	Note	30 June 2026 \$'000	30 June 2025 \$'000
Profit/(loss) after income tax expense for the year		20,625	(22,345)
Impairment of property, plant and equipment		18,992	-
Insurance expenses subject to financing		-	488
Loss on sale of fixed assets		18	20
Share-based payments expense		1,549	325
Interest capitalised		3,952	130
Changes in the value of financial assets		(4)	(5)
Depreciation and amortisation expense		5,857	7,440
(Gain) on debt forgiveness and creditor settlements		(56,028)	-
Loss/(gain) on derivatives and foreign exchange		161	(65)
Decrease/(increase) in trade and other receivables		1,617	1,306
Decrease/(increase) in inventories		590	4,203
Decrease/(increase) in prepayments		575	(474)
(Decrease)/increase in trade and other payables		766	(665)
Net cash used in operating activities		(1,330)	(9,643)

Note 22. Financial instruments

Financial risk management objectives

The Group's principal financial instruments comprise cash and bank deposits, trade and other receivables, trade and other payables and borrowings (refer Note 11). The Board is responsible for managing the Group's significant financial risks, being liquidity risk and interest rate risk, which it manages through regularly reviewing rolling cash flow forecasts and its level of available working capital against those forecasts. Risks are measured using the sensitivity and maturity analyses set out below. There has been no change in the methods used to measure or manage risk during the year.

Change in the Group's risk profile

The Group's exposure changed fundamentally during the year. At 30 June 2025 borrowings of \$74.86 million bore interest at a floating rate referenced to the Bank Bill Swap Bid Rate. Those facilities were discharged on 15 December 2025 and replaced by a fixed rate facility of \$14.45 million. The Group therefore has no floating rate exposure at 30 June 2026. The Group also became exposed to foreign currency risk during the year through convertible securities with a face value denominated in United States dollars.

Interest rate risk

At 30 June 2026 the Group had no borrowings bearing interest at a floating rate. The refinancing loan, the convertible notes and the chattel mortgages all bear interest at fixed rates, so a reasonably possible change in market interest rates would not affect profit or equity. The Group has, as of the reporting date, the following financial assets and liabilities exposed to interest rate risk. The carrying amounts and weighted average effective interest rates are set out below:

30 June 2026	Weighted average effective interest rate %	Floating interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	Carrying amount \$'000	Total
Assets						
Cash and bank balances	-	-	-	-	490	490
Financial assets at fair value through profit or loss	-	-	-	-	31	31
Trade and other receivables	-	-	-	-	1,140	1,140
Total financial assets		-	-	-	1,661	1,661
Liabilities						
Trade and other creditors	-	-	-	-	5,495	5,495
Chattel mortgages	7.42	-	11	-	-	11
Short term loans	16.00	-	469	-	-	469
Refinancing loan	12.50	-	-	15,356	-	15,356
Total financial liabilities			480	15,356	5,495	21,331
Net financial liabilities			480	15,356	3,834	19,670

30 June 2025	Weighted average effective interest rate %	Floating interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	Carrying amount \$'000	Total
Assets						
Cash and bank balances	-	-	-	-	10	10
Financial assets at fair value through profit or loss	-	-	-	-	35	35
Trade and other receivables	-	-	-	-	2,757	2,757
Total financial assets		-	-	-	2,802	2,802

30 June 2025	Weighted average effective interest rate %	Floating interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	Carrying amount \$'000	Total
Liabilities						
Trade and other creditors	-	-	-	-	4,844	4,844
Chattel mortgages	7.42	-	129	286	-	415
Borrowings	6.71	74,732	-	-	-	74,732
Total financial liabilities		74,732	129	286	4,844	79,991
Net financial liabilities		74,861	129	286	2,042	77,318

Credit risk

The Group's exposure to credit risk arises from the possibility of counterparties defaulting on their contractual obligations. This risk is managed by dealing only with creditworthy counterparties and by monitoring publicly available credit information on customers. The Directors consider that the carrying values of the Group's financial assets and liabilities reasonably approximate their fair values.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. At 30 June 2026 these liabilities were primarily trade and other payables and the refinancing loan facility (refer Note 11).

The Board manages liquidity risk by maintaining rolling 13 week and 12 month cash flow forecasts and by monitoring available headroom against those forecasts. On 3 July 2026 the Group agreed an increase of \$2 million in the commitment available under the Refinancing facility, which may be drawn only for purposes agreed with the lender. The convertible notes were redeemed on 3 July 2026 from those proceeds. The Group's ability to meet its obligations is also addressed in the going concern disclosures in note 2.

The tables below set out the contractual undiscounted cash flows of the Group's financial liabilities, which differ from the carrying amounts because they include future interest.

30 June 2026	1 year or less \$'000	1 to 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Trade and other payables	5,495	-	5,495	5,495
Chattel mortgages	11	-	11	11
Short term borrowings	469	-	469	469
Convertible notes	474	-	474	474
Refinancing loan – principal and capitalised interest	-	16,064	16,064	15,356
Refinancing loan – contractual cash interest	1,479	763	2,242	-
Total non-derivative financial liabilities	7,928	16,827	24,755	21,805
Derivative financial liabilities – embedded conversion option	142	-	142	142

30 June 2025	1 year or less \$'000	1 to 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Trade and other payables	4,844	-	4,844	4,844
Chattel mortgages	129	286	415	415
Short term borrowings	74,732	-	74,732	74,732
Convertible notes	241	182	423	423
Total non-derivative financial liabilities	79,947	468	80,415	80,415
Derivative financial liabilities – embedded conversion option	269	-	269	269

Foreign currency risk

The Group is exposed to movements in the Australian dollar against the United States dollar through the convertible securities, which have a face value denominated in United States dollars. The effect of a reasonably possible movement of 10 per cent in the exchange rate, with all other variables held constant, would have been immaterial to the financial statements.

Fair values

The carrying amounts of cash, trade and other receivables and trade and other payables approximate their fair values because of their short maturities. The Refinancing loan is carried at amortised cost and its fair value approximates its carrying amount because it was recognised on market terms in December 2025 and the terms have not changed since. The convertible notes are carried at the amount contractually payable on redemption, which approximates fair value. Financial assets at fair value through profit or loss and the embedded derivative in the convertible notes are measured at fair value on a recurring basis.

Note 23. Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure. The Board is responsible for determining the appropriate mix of debt and equity funding for the Group's needs. Following the December 2025 balance sheet restructure (refer Note 2 and Note 11), the Group's capital structure comprises the refinancing loan facility, the residual convertible note balance (redeemed shortly after year end, refer Note 20) and issued equity. The Group's treasury function reports to the Board on a regular basis with cash flow forecasts, enabling the Company to plan its capital raising activities in an orderly fashion.

During the year the Group was in breach of the minimum shareholder funds and minimum cash reserves covenants under its facility with the private Australian lender. The lender waived the breaches and subsequently agreed to increase the facility by \$2.00 million (refer Note 20) and reduce the threshold for the minimum shareholder funds covenant test.

Note 24. Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group. Supplementary information about the parent entity is set out below.

Statement of profit or loss and other comprehensive income	30 June 2026 \$'000	30 June 2025 \$'000
Profit/(Loss) after income tax	45,688	(10,654)
Total comprehensive profit/(loss)	45,688	(10,654)

Statement of financial position	30 June 2026 \$'000	30 June 2025 \$'000
Total current assets	1,167	2,469
Total assets	199,242	201,801
Total current liabilities	2,873	893
Total liabilities	18,467	77,693
Net Assets	180,775	124,108
Equity		
Issued capital	197,717	187,951
Share based payments reserve	2,438	647
Foreign currency translation reserve	139	475
Accumulated losses	(19,519)	(64,965)
Total equity	180,775	124,108

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 25. Fair value measurement

The Group categorises assets and liabilities measured at fair value using a three-level hierarchy: Level 1 – quoted prices in active markets; Level 2 – observable inputs other than quoted prices; and Level 3 – unobservable inputs.

30 June 2026	Level 1	Level 2	Level 3	Total
Assets				
Listed shares	31	-	-	31
Total assets	31			31
Liabilities				
Convertible notes – embedded derivative	-	-	142	142
Total liabilities	-	-	142	142

30 June 2025	Level 1	Level 2	Level 3	Total
Assets				
Listed shares	35	-	-	35
Total assets	35			35
Liabilities				
Convertible notes – embedded derivative	-	-	269	269
Total liabilities	-	-	269	269

At inception in March 2026 the fair value of the execution date Special Purchase convertible note derivatives was \$0.1 million (2025: \$0.2 million).

The embedded derivative financial instrument has been valued using a least squares Monte Carlo simulation with the holder's exercise decision solved by backward induction. The model is calibrated so that the fair value of the instrument at initial recognition equals the consideration received.

There were no transfers between levels during the financial year.

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.

There were no transfers between levels of the fair value hierarchy during the year. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate fair value due to their short-term nature.

Note 26. Dividends

No dividends were paid, recommended or declared by the Company during the current or prior financial year, and there is no dividend or distribution reinvestment plan in operation.

Note 27. Income tax

Tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except when it relates to items recognised directly in equity, in which case the income tax is also recognised in equity. Income tax is based on tax rates and legislation enacted, or substantively enacted, in Australia as at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(a) Income tax expense

The tax on the Group's accounting profit before income tax differs from the theoretical amount that would arise using the Australian statutory income tax rate, as follows:

	30 June 2026	30 June 2025
Accounting profit/(loss) before income tax	20,625	(22,345)
Prima facie income tax at 25%	5,156	(5,586)
Add: tax effect of non-deductible expenses	4,522	4,149
Add: tax effect of accounting expenditure subject to the R&D tax incentive	352	1,021
Less: tax effect of other deductible expenses	(449)	(952)
Less: tax effect of non-assessable gain on debt forgiveness (Division 245)	(13,921)	-
Less: tax effect of non-assessable R&D tax incentive income	(186)	(487)
Add: current year tax losses and temporary differences not recognised as a deferred tax asset	4,526	1,855
Income tax expense	-	-
Comprising:		
Current tax expense	-	-
Deferred tax expense	-	-
Income tax expense	-	-

The non-assessable gain on debt forgiveness reflects the Division 245 debt forgiveness treatment on settlement of the Group's National Australia Bank facilities. The tax effect of the current year tax loss and unrecognised temporary differences has not been recognised as a deferred tax benefit because it is not probable that future taxable profit will be available against which it can be utilised.

Entity name	Entity type	Place formed / country of incorporation	Ownership interest %	Tax residency
Cann Group Limited (ACN 603 949 739)	Body corporate	Australia	-	Australia
Cannproducts Pty Ltd (ACN 600 887 189)	Body corporate	Australia	100.00%	Australia
Cannoperations Pty Ltd (ACN 603 323 226)	Body corporate	Australia	100.00%	Australia
Cann IP Pty Ltd (ACN 169 764 407)	Body corporate	Australia	100.00%	Australia
Botanitech Pty Ltd (ACN 604 834 488)	Body corporate	Australia	100.00%	Australia
Satipharm Europe Ltd	Body corporate	Ireland	100.00%	Ireland
Satipharm Limited	Body corporate	United Kingdom	100.00%	United Kingdom
Satipharm AG	Body corporate	Switzerland	100.00%	Switzerland
Satipharm Canada Limited	Body corporate	Canada	100.00%	Canada
Phytotech Therapeutics Ltd	Body corporate	Israel	100.00%	Israel

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Mike Ryan

Interim Executive Chairman

29 September 2025

**Independent Auditor's Report
To the Members of Cann Group Limited
Report on the Audit of the Financial Report**

Opinion

We have audited the accompanying financial report of Cann Group Limited and its subsidiaries ("Group"), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, the directors' declaration of Group and the consolidated entity disclosure statement.

In our opinion the financial report of Cann Group Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of 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 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 Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2026, the Group recorded a net current asset deficiency of \$0.13m (2025: \$71.3 million) and a net cash outflow from operating activities of \$1.33 million (2025: \$9.64 million). These conditions could indicate a material uncertainty related to the entity's going concern assumption. Notwithstanding the above, the Directors have considered the improvement in the Group's financial position which is principally reflected in the restructuring of the Group's balance sheet described below and believe that the Group remains a going concern. In making that assessment, the Directors have reviewed the following:

Refinancing of borrowings

On 15 December 2025, the Group executed a settlement deed with National Australia Bank (NAB) under which total indebtedness of \$70.64 million was discharged for a cash payment of \$15.30 million, with all security released. The settlement was funded by a new \$14.45 million facility with an Australian private credit fund (maturing 31 December 2027) and by equity raisings totalling \$9.00 million before costs (refer Note 11 and Note 13). A gain on debt forgiveness of \$55.69 million was recognised in profit or loss.

The refinancing loan is subject to financial covenants including a minimum shareholder funds test, a minimum cash reserve, a maximum capital expenditure limit and a debt-to-asset ratio test. At 30 June 2026, the Group was in compliance with all covenants other than the minimum shareholder funds test, for which a waiver was obtained from the lender prior to year end such that the lender had no right to demand repayment at the reporting date. As such, the refinancing loan is classified as a non-current liability.

On 3 July 2026, a \$2.00 million facility limit increase was negotiated with the refinancing lender, available for specific purposes as agreed between the Company and the lender (refer Note 2, Note 11 and Note 20). The threshold for the minimum shareholder funds covenant test was reduced as part of the amended facility agreement. The Group was in breach of the minimum cash reserves test in August 2026 for which a waiver continues to apply.

The Board intends to refinance the loan on similar terms prior to its maturity on 31 December 2027.

Equity funding

The Company has a good track-record of successfully raising capital from the equity markets, having raised \$9.00 million (before costs) during FY2026 (2025: \$2.97 million), well supported by both existing and new shareholders. The Company has existing relationships with brokers who are available to assist should further equity raisings be required.

Operating cash flows

The Group's operating cash outflows have improved from \$9.64 million in FY2025 to \$1.33 million in FY2026, an 86% improvement, underpinned by a 29% reduction in operating expenditure and the refinancing of borrowings described above, which materially reduced interest costs.

Cash flow forecasts

The Directors have reviewed the Group's cash flow forecasts and consider that the Group will have sufficient cash flows to meet its commitments for a period of at least 12 months from the date of this Report, having regard to the Group's reset cost base, growth in export sales channels and access to the refinancing facility described above.

On the basis of the factors above, the Directors are satisfied that the going concern basis of preparation is appropriate. Should the above refinancing, covenants waivers, equity funding ability or cash flow forecasts not materialise, or not be achieved within the timeframes forecasted then there may be a material uncertainty related to the Group's going concern.

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 3 - Critical accounting judgements, estimates and assumptions - impairment of property, plant and equipment, of the financial statements, which describes the directors' impairment assessment of the property, plant and equipment held at the Group's Mildura facility. The recoverable amount was based on an estimated fair value less costs of disposal basis using a blend of market, capacity and cost approaches, weighted 40%, 30% and 30%, respectively, less estimated disposal costs of approximately 2.5%.

Should the key assumptions not be achieved, then the fair value of the entire asset class may not hold and be subject to significant impairment.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment As disclosed in Note 9, as at 30 June 2026, the Group has recorded property, plant and equipment with a carrying value of \$44.69 million. The directors performed an impairment assessment of the entity's property, plant and equipment in accordance with <i>AASB 136 Impairment of Assets</i>. As detailed in Note 9, the recoverable amount was estimated on a fair value less costs of disposal basis using a blend of market, capacity and cost approaches, weighted 40%, 30% and 30%, respectively, less estimated disposal costs of approximately 2.5%. The assessment by management concluded that no further impairment is required. Due to fair value assessments containing inherent uncertainties, sensitivity analyses were performed.	Our audit procedures included the following: • Examining the impairment assessment and the key inputs and assumptions set out by the directors in deriving their assessment, including the appropriateness of the inputs applied in the model; and • Sensitivity testing for the model for changes in key non-market inputs applied in the impairment assessment

Key Audit Matter	How our audit addressed the key audit matter
Inventory As disclosed in Note 8, the Group has a total of \$4.576 million inventories in its statement of financial position. The Group's inventory primary consists of biomass and finished goods which are held at lower of cost or net realisable value. The valuation of inventory involves judgement by management in particular when determining the value per gram of biomass. In addition, consideration is given to directly attributable costs which can be capitalized into the cost of inventory. As such this matter has been determined as a key area of focus for our audit.	Our audit procedures included: • Performing inventory verification procedures in respect of inventory held at the Mildura facility; • Evaluating management's judgements and assumptions used in calculation cost per gram of biomass; • Verifying that the carrying value of inventory has been calculated appropriately including verification of sales to third party to supporting documentation; and • Evaluating management's judgements and assumptions used in determining the inventory write down recorded during the year. • We have also assessed the adequacy of disclosures in relation to inventory in the financial report

Other Matter

The financial report of Cann Group Limited for the year ended 30 June 2025 was audited by another auditor, which expressed an unmodified opinion on that report on 26 September 2025.

Information Other Than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2026 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Group are responsible for the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

For such internal control as the directors determine is necessary to enable the preparation of:

- c. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- d. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In the basis of preparation, the directors also state that the financial statements have been prepared in accordance with Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of Cann Group Limited for the year ended 30 June 2026 included on Cann Group Limited's web site. The directors are responsible for the integrity of the Cann Group Limited's web site. We have not been engaged to report on the integrity of the Cann Group Limited's web site. The audit report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report resent on this web site.

Auditor's Responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Report on the Remuneration Report

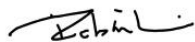
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2026.

In our opinion the Remuneration Report of Cann Group Limited for the financial year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Stannards Audit**STANNARDS AUDIT PTY LTD****Robin King Heng Li RCA CA****DIRECTOR****Dated: 29 September 2026**

Corporate Governance Statement

The Company's directors and management are committed to conducting the business of the Group in accordance with the Group's core values: trust and accountability; leading edge behaviour; and acting in the best interests of our people and community. This includes conducting ourselves in an ethical manner and in accordance with the highest standards of corporate governance. The Group has adopted and substantially complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) (Recommendations), as is appropriate for the size and nature of the Group's operations.

For the 2026 financial year, the Group has prepared a corporate governance statement that discloses the extent to which the Group has followed the Recommendations, identifies any Recommendations that have not been followed, and the reasons for the Group not doing so (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.7.4 and 4.10.3, the Corporate Governance Statement will be available for review on the Company's website (www.canngrouponlimited.com), and, together with an Appendix 4G, will be lodged with the ASX at the same time that this annual report is lodged with the ASX. The Appendix 4G will provide information on each Recommendation that needs to be reported against by the Company and provide shareholders with guidance on where the relevant governance disclosures are located. The Company's corporate governance documents, including policies and charters, are all available on the Company's website www.canngrouponlimited.com.

Shareholder Information

ASX Additional Information

Equity securities holders

As at 29 September 2026, the Company had 1,660,593,585 ordinary shares on issue. Further details on the Company's equity securities are as follows:

Rank	Name	28 Sep 2026
1	NOBLE INVESTMENTS SUPERANNUATION FUND PTY LTD	250,004,275
2	MCD PROJECT SERVICES PTY LTD	58,261,557
3	RYAN PRUE PTY LTD	44,131,291
4	EIGHTEEN HOLDINGS PTY LTD	33,775,874
5	MR IVOR WILLIAM VAN DER SLUYS	30,660,000
6	MUMFORD FAMILY PTY LTD	30,085,592
7	MR XUELONG SUN	27,477,414
8	T R SAMUELS TRANSPORT PTY LIMITED	26,000,000
9	MR PHILIP JACOBSEN & MRS MAXINE JACOBSEN	16,892,674
10	POGGINSWOOD PTY LTD	16,300,000
11	BOUTIQUE CAPITAL PTY LTD	15,800,000
12	AMAL SECURITY SERVICES PTY LTD	15,169,929
13	MRS ROSITA XIN ANG	14,600,000
14	MR JIASHUN YANG	13,873,000
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,660,705
16	BALTORAN PTY LTD	13,000,000
17	GZ GROUP HOLDINGS PTY LTD	11,589,653
18	WARBONT NOMINEES PTY LTD	10,488,671
19	MR JOHN BUTLER	10,000,000
20	MR TOAN MINH LE	9,500,000
Total		661,270,635
Balance of register		999,322,950
Grand total		1,660,593,585

Distribution of equity holders

Range	Securities	%	No. of holders
100,001 and Over	1,496,153,742	90.10	1,361
10,001 to 100,000	122,564,024	7.38	3,598
5,001 to 10,000	17,978,484	1.08	2,380
1,001 to 5,000	20,386,405	1.23	8,074
1 to 1,000	3,510,930	0.21	6,580
Total	1,660,593,585	100.00	21,993
Unmarketable Parcels	149,839,843	9.02	20,486

On-market purchases

No securities were purchased on-market for the purpose of an employee incentive scheme or to satisfy the entitlements of security holders to acquire securities granted under an employee incentive scheme during FY25.

Voting rights

The voting rights attaching to each ordinary share are that holders of ordinary shares have the right to vote at every general meeting of the Company. At a general meeting every holder of ordinary shares present in person or by proxy has, on a poll, one vote for each ordinary share held.

There are no voting rights attached to the performance rights. The performance shares are ordinary, unquoted shares and are subject to restrictions on transfer. The holders of the performance shares do not have voting rights.

Securities exchange

The Company is listed on the Australian Securities Exchange. The home exchange is Melbourne.

Other information

Cann Group Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Corporate Directory

Directors

Mike Ryan, Interim Executive Chairman
Doug Rathbone, Non-executive Director
Peter Kopanidis, Non-executive Director

Company Secretary

Steven Notaro

Registered Office

23 Greentek Court
Koorlong, Victoria 3501
Phone: 03 9095 7088
Email: contact@canngrouplimited.com
Website: www.canngrouplimited.com

Auditors

Stannards Audit Pty Ltd
60 Toorak Road
South Yarra, Victoria 3141

Share Registry

MUFG Corporate Markets
Tower 4, 727 Collins Street
Melbourne, Victoria 3000
Phone: 1300 554 474 (within Australia) +61 2 8280 7100 (outside Australia)

ASX Listing

(ASX:CAN)

Cann Group acknowledges
the Traditional Owners of all
the lands on which we work.

We pay our respects to
Aboriginal and Torres Strait
Islander cultures, and to
Elders past and present.

