

ANNUAL  
REPORT  
2025

**CANN**  
GROUP LIMITED

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# LETTER FROM THE CHIEF EXECUTIVE OFFICER

**Dear Shareholders,**

We are pleased to update you on Cann Group's continued progress and strong operational momentum. Over the past year, we have delivered significant advancements across our production, efficiency, and market positioning, reinforcing Cann's leadership in Australia's medicinal cannabis industry.

## **World-Class Facility**

Our wholly owned, GMP-compliant glasshouse remains a cornerstone of our competitive advantage, enabling us to deliver consistent quality, scalability, and reliability—all essential attributes in a tightly regulated and maturing sector.

## **Scalable Capacity**

Cann's current annualised run-rate sits at 9.2 tonnes, nearing our established capacity of ~10 tonnes across our two operational zones. Importantly, our state-of-the-art facility provides the opportunity to expand into a further eight zones, unlocking significant upside potential through additional capital investment.

## **Strong Production Growth**

Production volumes have continued their upward trajectory, with dried flower output increasing by more than 25% year-on-year, with FY2025 production at 5.9 tonnes (trimmed dried flower weight). We achieved back-to-back record months in April and May 2025, producing 730kg and 765kg respectively. This growth reflects both our disciplined execution and the scalability of our cultivation platform.

## **Operational Efficiency**

We continue to enhance yields and reduce costs. A recent operational highlight was trimming 245kg of dried flower in a single week, supported by leaner cost structures and process optimisation. These gains are translating directly into stronger margins and improved profitability.

## **Market Positioning**

Cann's combination of scale, compliance, and proven production consistency positions us as a trusted supplier, particularly as the Australian medicinal cannabis market moves toward rationalisation. We are well-placed to consolidate market share as patients, partners, and regulators increasingly prioritise reliability and quality.

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## Strategic Partnerships

We are actively expanding our distribution footprint, engaging with domestic and international partners to capitalise on our growing production capacity and high-quality standards. These strategic efforts are key to broadening Cann's reach and deepening market penetration.

## Momentum in Sales Mix

Early signs in FY2026 are encouraging, with bulk flower sales ramping up significantly. This reflects both strong demand and positive channel traction, affirming the growing market for our high-quality medicinal products.

## Product Development Strength

We are also investing in new, higher-margin delivery formats, such as gummies, to align with patient preferences and partner feedback. We are also launching additional SKUs in the Botanitech dried flower, and an additional new brand, which are all slated for the first quarter of FY2026. These innovations will diversify our revenue streams and reinforce Cann's position at the forefront of product development.

## Looking Ahead

With a world-class facility, scalable operations, and a robust commercial pipeline, Cann Group is entering FY2026 with strong momentum, and has posted its first EBITDA-positive result in August 2025. We are expecting to restructure the Company's balance sheet within the next three months which will provide the financial platform for our growth strategy. We thank you for your continued support and look forward to delivering further value in the year ahead.

**Jenni Pilcher**  
Chief Executive Officer &  
Managing Director



# FY2025 HIGHLIGHTS

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# FY2025 HIGHLIGHTS

Dried flower production **increased by 35% YOY**,  
resulting in more product available for sale

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Revenues from leading product (Botanitech  
Flower) - **Increase of 100% YOY**

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**Increase in revenues** from bulk flower sales as  
production increases

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**Improving gross margins** as economies of scale  
are realised

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Operating expenditure **reduced by 35% YOY**  
with stringent cost management

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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 2025.

### 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 this entire year unless otherwise stated. Shareholdings are current as at the date of this report.

<b>Name:</b>	Douglas John Rathbone AM
<b>Title:</b>	Non-executive Chairman
<b>Qualifications:</b>	FATSE, FI ChemE, ARMIT B Comm, TTC
<b>Experience and expertise:</b>	<p>An experienced public company director, he is the former Managing Director and CEO of Nufarm Limited (ASX:NUF) from 21 August 1987 to 4 February 2015.</p> <p>He is Chairman of the Rathbone Wine Group, Director of Cotton Seed Distributors, Go Resources and AgBiTech. He is also a Chairman of Health Food Holdings and Delta Agribusiness Pty Ltd.</p> <p>Doug is an Honorary Life Governor of the Royal Children's Hospital. He is President of My Room Children's Cancer Charity Limited and founder of Children's Cancer Foundation.</p> <p>Doug brings to the Board experienced management and corporate governance skills together with a passion to grow the business.</p>
<b>Tenure:</b>	Director since 16 March 2015, appointed as Chair of the Board on 10 February 2025.
<b>Other current directorships:</b>	n/a
<b>Former directorships (last 3 years):</b>	Leaf Resources Ltd (ASX:LER) (resigned 6 March 2023)
<b>Special responsibilities:</b>	Chair of Remuneration & Nomination Committee and member of Audit & Risk Committee
<b>Interests in shares:</b>	3,656,185 fully paid ordinary shares
<b>Interests in options:</b>	382,758

<b>Name:</b>	Jennifer Pilcher
<b>Title:</b>	CEO & Managing Director
<b>Qualifications:</b>	Chartered Accountant (CA) and Bachelor of Business Studies (Major Accounting)
<b>Experience and expertise:</b>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Tenure:</b>	Director since 8 September 2020. Formally appointed as CEO & Managing Director 1 April 2024.
<b>Other current directorships:</b>	n/a
<b>Former directorships (last 3 years):</b>	n/a
<b>Special responsibilities:</b>	Member of Remuneration & Nomination Committee
<b>Interests in shares:</b>	440,667 fully paid ordinary shares
<b>Interests in options:</b>	4,500,000 options

<b>Name:</b>	Mr Peter Kopanidis
<b>Title:</b>	Non-executive Director (Appointed 31 March 2025)
<b>Experience and expertise:</b>	<p>Peter has over 30 years of experience as a finance professional in a broad range of industries, including manufacturing, telecommunications, healthcare, insurance, financial services and FMCG. Most recently, Peter has held senior executive roles leading investor relations, corporate treasury, and corporate finance at Medibank, Telstra, Treasury Wine Estates and Foster's Group. He is a Director and owner of Petra Investor Relations &amp; Debt Advisory Pty Ltd, a service provider to ASX-listed companies.</p> <p>Peter is a Chartered Accountant and holds a Bachelor of Business – Accounting, he started his career as an Auditor at KPMG.</p>
<b>Tenure:</b>	Director since 31 March 2025
<b>Other current directorships:</b>	n/a
<b>Former directorships (last 3 years):</b>	n/a
<b>Special responsibilities:</b>	Chair of Audit and Risk Committee and Member of Remuneration and Nomination Committee
<b>Interests in shares:</b>	Nil

<b>Name:</b>	Dr Julian Chick
<b>Title:</b>	Non-executive Chairman (Retired 10 February 2025)
<b>Experience and expertise:</b>	<p>Julian has over 25 years of experience in the biotechnology and medical technology sectors, as well as in investment banking. He has worked with both public and private companies, bringing a number of technologies through from discovery to market, as well as experience in capital raisings, company restructuring, licensing, business development and M&amp;A transactions. He has a Bachelor of Science and PhD in Physiology from La Trobe University and Oxford University.</p> <p>Julian has held senior executive roles and directorships at several Australian and international life science companies, both listed and private, including Avexa Ltd (ASX:AVX), Opyl Ltd (ASX:OPL), Admedus Ltd (ASX:AHZ) and LTR Pharma (ASX:LTP).</p>
<b>Tenure:</b>	Director 26 October 2022 to 10 February 2025. Appointed Chair of the Board on 28 August 2024, Retired 20 February 2025.
<b>Other current directorships:</b>	LTR Pharma (ASX:LTP)
<b>Former directorships (last 3 years):</b>	Opyl Ltd (ASX:OPL) resigned 13 February 2023
<b>Special responsibilities:</b>	Member of Audit and Risk Committee (from 15 December 2022) and Remuneration and Nomination Committee up until 10 February 2025
<b>Interests in shares:</b>	333,334 fully paid ordinary shares (at 10 February 2025)
<b>Interest in options:</b>	600,000 (at 10 February 2025)

<b>Name:</b>	Robert Barnes
<b>Title:</b>	Non-executive director (Retired 31 March 2025)
<b>Experience and expertise:</b>	<p>Robert is an experienced senior executive who has delivered extensive leadership and operational outcomes across a wide variety of healthcare industries, including pharmaceutical, nutraceutical, infant formula, consumer, medical devices, and diagnostics. He has an applied science degree in Medical Science, a MBA, and is a Graduate of the Australian Institute of Company Directors.</p> <p>Robert has held senior executive roles at several pharmaceutical and consumer healthcare entities including Aspen Pharmacare Australia Pty Ltd, Sanofi Australia, and Mayne Group.</p>
<b>Tenure:</b>	Director 20 September 2022 to 31 March 2025
<b>Other current directorships:</b>	n/a
<b>Former directorships (last 3 years):</b>	n/a
<b>Special responsibilities:</b>	Chair of Audit & Risk Committee and Member of Remuneration & Nomination Committee up until 31 March 2025
<b>Interests in shares:</b>	266,667 fully paid ordinary shares (at 31 March 2025)
<b>Interest in options:</b>	300,000 (at 31 March 2025)

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## Company secretary – Steven Notaro

Steven Notaro is the Head of Legal and Regulatory Affairs, 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, where he assisted in the early establishment of the business, including the listing of the Company on the ASX and the granting to Cann 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.

### Review of operations

#### Key financial metrics

	30 June 2025	30 June 2024	change
Revenue from operations	11.30m	15.37m	-26%
Other income	1.95m	3.70m	-47%
Operating expenses	18.28m	28.00m	-35 %
EBITDA (normalised)	(5.03m)	(8.93m)	-44%*
Write down of inventory	3.89m	4.33m	-10%
Impairment of property, plant and equipment	-	20.13m	n/a
Loss after providing for income tax	22.35m	51.24m	-56%*
Net assets / (liabilities)	(2.77m)	13.92m	n/a
Basic and diluted loss per share	4.2 cents	11.9 cents	-65%*

\*Indicates positive improvement to loss position

#### Financial performance

Normalised Earnings before interest, tax, depreciation, and amortisation (EBITDA) (excluding loss on fair value changes) improved by \$3.90 million (44%) compared to the prior corresponding period (PCP), reducing EBITDA (normalised) to -\$5.03 million. This improvement is largely due to effective cost management, with operating costs down 31%, a similar rate of reduction.

Loss after tax improved by \$28.90 million (52%) compared to the PCP, reducing the loss to \$22.35 million. The prior year's result was impacted by a \$20.13 million fair value write-down of property, plant, and equipment at the Mildura facility. The current year's improvement also reflects \$9.72 million (31%) in operating expense savings.

#### Sales revenue

Sales revenue for the year ended 30 June 2025 decreased by \$4.07 million (27%) to \$11.30 million, down from \$15.37 million in the PCP. The decline was primarily due to a product mix change, with a market shift away from oils toward dried flower products, with oil revenues falling by \$3.43 million (70%). Contract packing services also declined by \$0.98million (83%).

Despite the overall decrease in revenue, dried flower sales continue to show strong growth. Dried flower tonnage sold increased by 30% year-on-year, however, a higher proportion of bulk flower sales in the product mix limited revenue growth, resulting in a 7% uplift in related revenues.

The Group's own-brand Botanitech® maintained its positive trajectory, delivering a 17% increase in sales year-on-year, and importantly a 100% increase in the Botanitech dried flower range, as it continues to gain market share.

#### Expenditure

Operating expenses were down by \$9.72 million (35%) reflecting the Group's cost management program. Notably, direct production expenses were down \$3.63 million (46%) which is driving a corresponding uptick in gross margins. With lower cost of goods, the Company can be highly competitive with pricing of its products. Employee costs and administration costs were reduced by \$4.32 million (31%).

### Manufacturing and cultivation

Production output at Mildura for the year ended 30 June 2025 was 5.94 tonnes (30 June 2024: 4.43 tonnes), up 34% from the prior year as the facility nears full capacity based on current fit-out. The second half of the year saw the facility operate at full capacity with record monthly output in May 2025 of 771 kg.

A key focus of the production team was to improve product consistency and drive down cost per gram. This was achieved by introducing improved post-harvest techniques including water activity measurement, adjustments to temperature in the processing rooms, adjustments in speed of mechanical bucking, and trial of automated curing technology. Market feedback is that the flower has consistently high trim quality and patient desirables.

A rotary head filler automated packing line was completed and validated to drive labour efficiencies and further enhance the GMP jar packing capability of the facility. This improves cost of goods for Cann's in house Botanitech® range as well as enabling the business to compete in the provision of contract packing services and white label business.

Ongoing mother plant replenishment using stock derived from tissue culture is maintaining plant health, disease resistance and vigour to key lines.

A project was initiated during the second half of the year to capture carbon dioxide from the gas fired boiler and recirculate it back to the glasshouse for the plants. Benefits include reduced emissions, reduced cost and a more sustainable facility.

### Research and development

The phenotyping of new cultivars was completed and production commenced in Mildura. Evaluation of the strains was completed during the period, with seven of these strains now commercialised and market demand being evaluated.

With a full suite of cultivars in production, it was decided to transition the Company's R&D program from the Northern R&D Facility at La Trobe University in Melbourne, to the Mildura Facility. Collaboration with La Trobe University continues with specific projects continuing including tissue culture and spectral imaging of plants in Mildura.

The use of tissue culture to provide disease free replacement mother stock is important to maintain plant health and vigour. The use of AI with the spectral imaging camera aims to provide early detection in crop of pest, disease and nutrition issues. As more data is gathered - predictions on yield and THC will be targeted.

### Funding

During the current financial year, the Company raised a total of \$9.69 million (before costs) of new funding as follows:

- August 2024, the Company:
  - secured a \$1.00 million loan from Endpoints Capital, collateralised against its anticipated FY2024 R&D tax credit. This loan was repaid in October 2024 upon receipt of the R&D Tax refund.
  - borrowed \$0.50 million from a private credit lender which was unsecured. This loan was repaid in November and December 2024.
- November 2024, the Company raised \$2.55 million from a non-renounceable rights issue, at 4 cents per share. The Company also issued one option for every three shares subscribed for, at an exercise price of 8 cents per share.
- March 2025, the Company:
  - raised a further \$0.71 million from a private placement to sophisticated investors, at 1.7 cents per share. The Company also issued one option for share subscribed for, at an exercise price of 4 cents per share.
  - raised \$0.75 million from the issue of a convertible note under its existing convertible note facility with Obsidian Global LLC.
- April 2025, the Company secured a \$1.15 million loan from Radium Capital during the fourth quarter of the current financial year, collateralised against its anticipated FY2025 R&D tax credit expected to be received in September/October 2025.
- During the year, the Company:
  - capitalised \$3.03 million of interest. This interest will become due and payable at the maturity date of the loans, which is 30 September 2025.
  - drew down approximately \$1 million from its working capital facility during the year.

## 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 material impact on its operating and/or financial results and performance:

**Funding risks:** The failure to raise the necessary funding, whether as debt or equity, could result in the delay or indefinite postponement of Cann's business expansion. There can be no assurance that additional funding or other types of financing will be available if needed or that, if available, the terms of such funding will be available on favourable terms. In addition, debt funding may materially increase Cann's debt levels and gearing. This may increase Cann's funding costs, reduce its financial performance and increase the risk of Cann being in default or being unable to pay its debts when due in the future.

**Going concern:** The Company notes the material uncertainty related to going concern in the auditor's report to the members regarding financial statements for the year ended 30 June 2025. Specifically, the auditor's draw attention to Note 2 in the financial report. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. There is therefore the risk that Company may need to source additional funding to continue as a going concern and pay its debts as and when they are due. To the extent that funding is equity or equity type funding it may be dilutive, or on onerous terms, if available at all. In addition any debt funding would increase the Company's debt levels, increase its funding costs and adversely impact the Company's financial results, again if available. If the Company is unable to obtain such additional funding, it may not be able to meet its future obligations as and when they fall due. There is a further risk that its major lender, NAB, will cease its support and call in its debt in such circumstances.

**Agricultural risks:** Risks inherent with agricultural businesses apply to Cann's business, including lower than expected yields, disease, mould and insects and other pests. Since commissioning Mildura Cann has focussed on continually improving its cultivation processes to ensure that the Company is able to continually produce high quality flower products to meet the needs of its customers.

**Production risks:** Cann's ability to produce cannabis and manufacture cannabis products, and to increase its production in the future, may be adversely impacted by a number of production factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs and/or limits on availability of materials or labour, production performance falling below expected levels of output or efficiency, human error, the agricultural factors described above, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, any rise in energy and utilities costs and limits on availability of such utilities.

**R&D funding:** 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. Therefore, if Cann were to not receive an R&D tax refund, this would negatively impact Cann's financial performance as well as increase its working capital requirements, potentially causing it to seek additional funding.

**Operating losses risks:** Cann continues to incur operating losses. Cann may not be able to achieve profitability and may continue to incur significant losses in the future. In addition, Cann will increase its operating expenses as it grows its business. If Cann's revenues do not increase to offset these expected increases in expenditures and operating expenses, it will not be profitable. Anticipated or expected sales may not be achieved, and even if achieved, may not result in Cann being profitable. There is no assurance that Cann will be successful in achieving a return on shareholders' investments and the chances of success must be considered in light of the proposed expansion of its operations.

**Regulatory Approvals:** Cann's ability to continue its business is dependent on holding certain authorisations, licences and permits and adherence to all regulatory requirements related to such activities. Any failure to comply with the conditions of those approvals and licences, or to renew the approvals and licences after their expiry dates, would have a material adverse impact on the financial position, financial performance and/or prospects of Cann.

**Compliance with licence conditions:** A licence to cultivate, produce and/or manufacture under the *Narcotic Drugs Act 1967* (Cth) is subject to a number of conditions, which if not maintained may result in a suspension or revocation of the licence or permit. Such conditions include ensuring that all staff engaged are suitable, that directors and officers (and the business itself) is a fit-and-proper person and that certain security and reporting measures are maintained. Any failure to maintain these licenses would have a material adverse impact on the financial position, financial performance and/or prospects of Cann.

**Third party manufacture risks:** Cann is currently reliant on a single source of manufacturing to manufacture certain of Cann's products. There are other potential commercial manufacturers that Cann could use to meet its manufacturing

requirements. However, if Cann needed to engage a new manufacturer, the process of transitioning to a new manufacturer would likely take several months, so there would be a risk that Cann's manufacturing abilities would be adversely impacted during the transition period, with a negative associated impact on Cann's financial performance.

### **Significant changes in the state of affairs**

#### Fully paid ordinary shares issued during the year

During the year the Company issued 190,330,013 (43%) fully paid ordinary shares, as follows:

- 56.40 million in December 2024 pursuant to a non-renounceable rights issue
- 41.88 million in April 2025 pursuant to a private placement
- 7 million in March 2025 as placement shares under a convertible note facility
- 85.05 million upon conversion through the period of convertible notes held by Obsidian Global LLC pursuant to a convertible securities facility announced on 21 November 2024

#### Funding arrangements during the year

Refer to the Funding section of this report for further details on equity and debt funding sourced during the year.

#### Debt facilities

National Australia Bank (NAB) allowed the Group to capitalise certain quarterly interest payments due on its construction loan for the quarters ended on or about 23 November 2024, 23 February 2025, and 23 May 2025. In addition, NAB extended the maturity dates on both the construction loan and working capital facility from 30 May 2025 to 30 September 2025. These arrangements were formally documented in a forbearance deed, executed on 9 April 2025.

The Company also has a \$5 million debt facility from a private credit lender who agreed for certain monthly interest payments to be capitalised for the months of February to June inclusive. The Company has the option to elect to convert that capitalised interest into fully paid ordinary shares of the Company. In addition, this lender agreed for the maturity date to be extended from 6 May 2025 to 30 September 2025, with interest for the months of July to September to be capitalised. These arrangements were formally documented in a variation agreement, executed 14 July 2025, and becoming effective on 23 July 2025.

### **Future developments, prospects and business strategies**

Other than matters referred to elsewhere in this report and above, further information as to likely developments in the operations of the Group and the expected results of 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.

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### Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

	Board Meetings		Remuneration and Nomination Committee		Audit and Risk Committee (ARC)	
	Held	Attended	Held	Attended	Held	Attended
Mr Douglas John Rathbone AM	13	12	2	2	4	4
Ms Jenni Pilcher	13	13	2	2	4	4
Mr Peter Kopanidis (Appointed 31 March 2025)	13 <sup>#</sup>	3	2 <sup>#</sup>	1	4 <sup>#</sup>	0
Dr Julian Chick (Retired 10 February 2025)	13 <sup>#</sup>	8	2 <sup>#</sup>	1	4 <sup>#</sup>	2
Mr Robert Barnes (Retired 31 March 2025)	13 <sup>#</sup>	10	2 <sup>#</sup>	1	4	4

<sup>#</sup> indicates that some or all of the meetings occurred at a time when the Director was not appointed to the board or committee)

### Shares under option

There were 107,943,332 unissued ordinary shares of Cann Group Limited under option outstanding at the date of this report.

Unissued ordinary shares of Cann Group Limited under option at the date of this report are as follows:

Category	Grant date	Expiry date	Exercise price	Number under option
Convertible Note Options (Original)	11 November 2024	11 November 2026	\$0.225	13,471,734
Rights Issue Options	2 December 2024	2 December 2026	\$0.08	18,799,046
Convertible Note Options (SP)	2 June 2025	2 June 2027	\$0.0508	7,924,832
Convertible Note Options (SP)	2 June 2025	2 June 2027	\$0.0573	1,746,147
Private Placement Options	4 June 2025	4 June 2027	\$0.03	49,376,573
Employee Options	4 April 2023	4 April 2028	\$0.22	800,000
Employee Options	13 November 2024	30 June 2029	\$0.08	4,875,001
Employee Options	13 November 2024	30 June 2029	\$0.06	4,875,001
Employee Options	13 November 2024	30 June 2029	\$0.10	4,874,998
NED Options	13 November 2024	31 October 2029	\$0.08	1,200,000
				<b>107,943,332</b>

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.

### Shares issued on the exercise of options

There were 1,984 (2024: nil) ordinary shares of Cann Group Limited issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

### Shares under performance rights

Unissued ordinary shares of Cann Group Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
10 February 2024	10 February 2026	554,466

### Shares issued on the exercise of performance rights

There were nil (2024: nil) Performance shares issued on the exercise of performance rights during the year ended 30 June 2025 and up to the date of this report. LTI plan shares are issued as ordinary shares, but are subject to transfer conditions for a period of two years from their date of issue or until the employee ceases employment with the Company.

### **Indemnifying officers and auditors**

No indemnities have been given, however, 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 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **Auditor**

Connect National Audit were appointed as the Company's auditors in accordance with section 327 of the Corporations Act 2001 effective from 10 February 2025 replacing William Buck Audit (Vic) Pty Ltd.

### **Non-audit services**

The Company's Audit and Risk Committee (Committee) is responsible for the maintenance of audit independence. Specifically, the Committee Charter ensures the independence of the auditor is maintained by:

- limiting the scope and nature of non-audit services that may be provided; and
- requiring that permitted non-audit services must be pre-approved by the Chairman of the Committee.

During the year Connect National Audit, the Group's auditor, did not perform any other services in addition to the audit and review of the financial statements.

Details of the amounts paid to the auditor of the Group, Connect National Audit, for audit and non-audit services provided during the year are set out in note 16.

### **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.

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**CEO and CFO declaration**

The CEO and person performing the CFO function have given a declaration to the Board concerning the Group's financial statements under section 295A(2) of the *Corporations Act 2001* and recommendation 4.2 [GF1] of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (4th edition) in regards to 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.

On behalf of the Directors



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Doug Rathbone  
Chairman

26 September 2025

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### Remuneration report (audited)

This Remuneration Report outlines the Company's remuneration strategy for the financial year ended 30 June 2025 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 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 2025. 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 Directors

Name	Title
J Chick (resigned 10 February 2025)	Chairman
D Rathbone (appointed Interim Chairman 10 February 2025)	Interim Chairman & Non-executive Director
J Pilcher	CEO & Managing Director
R Barnes (resigned 31 March 2025)	Non-executive Director
P Kopanidis (appointed 31 March 2025)	Non-executive Director

#### Chief Executive Officer (CEO) and Disclosed Executives

Name	Title
J Pilcher	Chief Executive Officer & Managing Director
T Di Pietro (resigned 14 August 2024)	Chief Financial Officer and Company Secretary

Following the resignation of Mr Di Pietro on 14 August 2024, the Head of Legal & Regulatory Affairs Mr Steven Notaro assumed the role of Company Secretary.

### 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 three of the four 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, bench marked and flexible structure, being tailored to the specific circumstances of the Company and which reflect the 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 that is based on specific Company goals pertaining to financial and operational performance. The Chief Executive Officer and Senior Executives may also be invited to participate in the Company's Long-term Incentive Plan, the benefits of which are conditional upon the Company achieving certain performance criteria, the details of which are outlined below.

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**

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

**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 shall be determined from time to time by a resolution approved by shareholders at a general meeting. Currently the aggregate remuneration threshold is set at \$0.50 million per annum as approved by shareholders at the AGM held on 14 November 2018. Legislated superannuation conditions made on behalf of non-executive Directors are included within the aggregate remuneration threshold.

Non-executive Directors receive a cash fee for their service and have no standing entitlement to any performance-based remuneration or any participation in any share-based incentive schemes. 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 for the 2025 financial year inclusive of superannuation contributions were as follows:

	1 July 2024 to 31 October 2024	1 November 2024 To 31 March 2025	1 April 2025 to 30 June 2025
	\$	\$	\$
Chairman	120,000	100,000	na
Interim-Chairman	na	55,000	50,000
Non-executive Directors	60,000	55,000	50,000

**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 them for Company and individual performance against targets set by reference to appropriate benchmarks and key performance indicators;
- align their interest with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Remuneration consists of both fixed and variable remuneration components. The variable remuneration consists of the STI Plan and the LTI Plan.

The proportion of fixed and variable remuneration is established for the Chief Executive Officer by the Board and for each Senior Executive by the Board following recommendations from the Chief Executive Officer and the Remuneration and Nomination Committee.

The Chief Executive Officer's and Senior Executives' remuneration packages are all subject to Board approval.

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**(b) Fixed remuneration**

The fixed remuneration component of the Chief Executive Officer and senior executives' total remuneration package is expressed as a total package consisting of base salary and statutory superannuation contributions.

Fixed remuneration reflects the complexity of the individual's role and their experience, knowledge and performance. Internal and external benchmarking is regularly undertaken, and fixed remuneration levels are set with regard to the external market median, with scope for incremental increase for superior performance.

Fixed remuneration is reviewed annually, taking into account the performance of the individual and the Group. There are no guaranteed increases to fixed remuneration in any contracts of employment.

The Chief Executive Officer and senior executives have the option to receive their fixed annual remuneration in cash and a limited range of prescribed fringe benefits. The total cost of any remuneration package, including fringe benefits tax, is taken into account in determining an employee's fixed annual remuneration.

**(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 2025, 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 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 financial year ended 30 June 2025, the CEO & Managing Director achieved 44% of the total STI target.

**(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.

For the financial year ended 30 June 2025, required performance achievements for the LTI Plan were not obtained and therefore no LTI grants were awarded.

**(e) Contract for services – Chief Executive Officer**

The structure of the Chief Executive Officer's remuneration is in accordance with her employment agreement dated 15 July 2024. The employment agreement was converted to a permanent position on 2 July 2025. The Company may terminate the agreement by providing three months' notice and the Chief Executive Officer may terminate the agreement by providing three months' notice. There are no termination benefits beyond statutory leave and superannuation entitlements associated with termination in accordance with the above notice requirements or in circumstances where notice is not required pursuant to the employment agreement.

The Chief Executive Officer is entitled to participate in the Company's long term incentive ("LTI") scheme, further details of the LTI scheme are outlined in section (d) of "Components of remuneration – Chief Executive Officer and other senior executives".

**(f) Contract for services – senior executives**

The terms on which the 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.

**Voting and comments made at the Company's 2024 Annual General Meeting ('AGM')**

At the 6 November 2024 AGM, 85.22% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2024. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

**Additional information**

The performance of the group for the five years to 30 June 2025 are summarised below:

	2025 \$000	2024 \$000	2023 \$000	2022 \$000	2021 \$000
Sales revenue	11,300	15,373	13,777	6,411	4,293
Net loss before income tax	(22,345)	(51,242)	(33,790)	(26,468)	(25,103)
Net loss after income tax	(22,345)	(51,242)	(33,790)	(26,468)	(25,103)
Loss per share (cents)	(4.23)	(11.93)	(9.08)	(7.90)	(9.75)
Share price (cents)	0.01	0.04	0.13	0.31	0.28

**Details of remuneration**

*Amounts of remuneration*

During the course of the year the Key Management Personnel was defined as the Directors; the Chief Executive Officer; and Chief Financial Officer.

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		Post-employment benefits		Termination benefits	Long-service leave	Super-annuation	Equity settled share-based payments	Total
		Salary and fees	Annual leave					
		\$	\$	\$	\$	\$	\$	\$
<b>Non-executive directors</b>								
J. Chick (i)	2025	60,366	-	-	-	6,942	-	67,308
	2024	100,601	-	-	-	11,066	-	111,667
D. Rathbone	2025	51,196	-	-	-	5,888	2,507	59,591
	2024	58,559	-	-	-	6,441	-	65,000
R. Barnes (ii)	2025	44,383	-	-	-	5,104	-	49,487
	2024	58,559	-	-	-	6,441	-	65,000
P. Kopanidis (iii)	2025	11,211	-	-	-	1,289	-	12,500
	2024	-	-	-	-	-	-	-
<b>Total</b>	<b>2025</b>	<b>167,156</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,223</b>	<b>2,507</b>	<b>188,886</b>
<b>Total</b>	<b>2024</b>	<b>217,719</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,948</b>	<b>-</b>	<b>241,667</b>
<b>Other Key Management Personnel and Executive Officers</b>								
J. Pilcher (iv)	2025	367,789	(1,878)	-	-	29,932	55,918	451,761
	2024	163,173	8,285	-	-	15,279	-	186,737
T. Di Pietro (v)	2025	56,438	2,212	-	-	5,706	-	64,356
	2024	50,769	4,298	-	-	5,585	-	60,652
<b>Total</b>	<b>2025</b>	<b>424,227</b>	<b>334</b>	<b>-</b>	<b>-</b>	<b>35,638</b>	<b>55,918</b>	<b>516,117</b>
<b>Total</b>	<b>2024</b>	<b>213,942</b>	<b>12,583</b>	<b>-</b>	<b>-</b>	<b>20,864</b>	<b>-</b>	<b>247,389</b>
<b>Disclosed Executives – Former</b>								
P Koetsier (vi)	2025	-	-	-	-	-	-	-
	2024	391,522	(9,719)	-	-	27,399	71,199	480,401
D.Ambrosini (vii)	2025	-	-	-	-	-	-	-
	2024	227,348	(14,455)	-	-	13,699	8,962	235,554
<b>Total</b>	<b>2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2024</b>	<b>618,870</b>	<b>(24,174)</b>	<b>-</b>	<b>-</b>	<b>41,098</b>	<b>80,161</b>	<b>715,955</b>
<b>Grand total</b>	<b>2025</b>	<b>591,383</b>	<b>334</b>	<b>-</b>	<b>-</b>	<b>54,861</b>	<b>58,425</b>	<b>705,003</b>
<b>Grand total</b>	<b>2024</b>	<b>1,050,531</b>	<b>(11,591)</b>	<b>-</b>	<b>-</b>	<b>85,910</b>	<b>80,161</b>	<b>1,205,011</b>

- (i) J Chick resigned as Chairman on 10 February 2025. D Rathbone was appointed Interim Chairman on the same date.  
 (ii) R Barnes resigned as Non-Executive Director on 31 March 2025.  
 (iii) P Kopanidis was appointed on 31 March 2025.  
 (iv) J Pilcher was appointed as CEO and Managing Director from 1 April 2024, previously a non-executive Director.  
 (v) T Di Pietro resigned as CFO and Company Secretary on 14 August 2024.  
 (vi) P Koetsier resigned as CEO on 21 March 2024.  
 (vii) D Ambrosini left the organisation on 22 December 2023.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024	30 June 2025	30 June 2024
<i>Other Key Management Personnel:</i>						
J. Pilcher	100%	100%	-	-	-	-
T. Di Pietro	-	100%	-	-	-	-
P. Koetsier (i)	-	65%	-	-	-	35%
D. Ambrosini (ii)	-	85%	-	-	-	15%

- (i) J Pilcher was appointed as CEO and Managing Director from 1 April 2024, previously a non-executive Director.  
(ii) P Koetsier resigned as CEO on 21 March 2024.  
(iii) D Ambrosini left the organisation on 22 December 2023.

### Additional disclosures relating to Key Management Personnel

#### Equity holdings

The number of shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Group, including their personally related parties, is set out below:

	Balance as at 1 July 2024	Balance as at date of appointment	Received as part of remuneration	Acquisitions, disposals or transfers*	Cessation as director/KM P	Balance at 30 June 2025
<i>Non-Executive Directors:</i>						
D Rathbone	3,596,185	-	-	-	-	3,596,185
J Chick	250,000	-	-	83,334	(333,334)	-
R Barnes	200,000	-	-	66,667	(266,667)	-
P Kopanidis	-	-	-	-	-	-
<i>Other Key Management Personnel:</i>						
J Pilcher	330,500	-	-	110,167	-	440,667
T Di Pietro	-	-	-	-	-	-
	<b>4,376,685</b>	-	-	<b>260,168</b>	<b>(600,001)</b>	<b>4,036,852</b>

\* Relates to on-market purchases in defined share trading windows.

Performance shares held nominally are subject to vesting conditions.

#### Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
P Koetsier	1,500,000	-	-	-	1,500,000
J Chick	-	600,000	-	-	600,000
D Rathbone	-	300,000	-	-	300,000
R Barnes	-	300,000	-	-	300,000
J Pilcher	-	4,500,000	-	-	4,500,000
P Kopanidis	-	-	-	-	-
	<b>1,500,000</b>	<b>5,700,000</b>	-	-	<b>7,200,000</b>

Name	Number of options granted	Grant date	Expiry date	Exercise price	Fair value per option at grant date
P Koetsier	1,500,000	9 February 2023	9 February 2028	\$0.45	\$0.08
J Chick	600,000	6 November 2024	31 October 2029	\$0.08	\$0.02
D Rathbone	300,000	6 November 2024	31 October 2029	\$0.08	\$0.02
R Barnes	300,000	6 November 2024	31 October 2029	\$0.08	\$0.02
J Pilcher	1,500,000	12 November 2024	30 June 2029	\$0.06	\$0.02
J Pilcher	1,500,000	12 November 2024	30 June 2029	\$0.08	\$0.02
J Pilcher	1,500,000	12 November 2024	30 June 2029	\$0.10	\$0.02

P Koetsier resigned from his position as CEO on 21 March 2024. 1,500,000 options with a vesting date of 10-Feb-24 have vested but have not yet been exercised.

*Performance rights holdings*

There are no performance rights held by key management personnel during the financial year.

*Other transactions with Key Management Personnel*

There were no other transactions during the period with Key Management Personnel.

***This concludes the remuneration report, which has been audited.***

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**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 2025, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.

**George Georgiou** FCA

**MANAGING DIRECTOR**

**CONNECT NATIONAL AUDIT PTY LTD**

Authorised Audit Company No. 521888

Dated: 26 September 2025

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	Note	30 June 2025 \$'000	30 June 2024 \$'000
<b>Revenue from customer contracts</b>	5	11,300	15,373
Other income	5	1,953	3,701
Total revenue and other income		<u>13,253</u>	<u>19,074</u>
<b>Expenses</b>			
Administration and corporate costs	6	(3,718)	(5,424)
Direct production costs		(4,217)	(7,847)
Employee costs		(9,596)	(13,913)
Research and development costs		(781)	(755)
Depreciation and amortisation expense		(7,439)	(11,037)
Finance costs		(5,997)	(6,819)
Gain/(Loss) on fair value of investment		33	(64)
Inventory write-down		(3,883)	(4,331)
Impairment of property, plant and equipment		-	(20,126)
<b>Loss before income tax expense</b>		<u>(22,345)</u>	<u>(51,242)</u>
Income tax expense		-	-
<b>Loss after income tax expense for the year</b>		<u>(22,345)</u>	<u>(51,242)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		19	115
Other comprehensive income for the year, net of tax		<u>19</u>	<u>115</u>
<b>Total comprehensive loss for the year</b>		<u><u>(22,326)</u></u>	<u><u>(51,127)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	14	(4.23)	(11.93)
Diluted loss per share	14	(4.23)	(11.93)

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

	Note	30 June 2025 \$'000	30 June 2024 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		10	1,640
Trade and other receivables	7	2,757	4,084
Prepayments		821	347
Inventories	8	4,343	8,505
Biological assets		1,643	1,684
<b>Total current assets</b>		<b>9,574</b>	<b>16,260</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	69,171	76,444
Intangible assets		9	36
Financial assets at fair value through profit or loss		35	31
<b>Total non-current assets</b>		<b>69,215</b>	<b>76,511</b>
<b>Total assets</b>		<b>78,789</b>	<b>92,771</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	4,844	5,437
Contract liabilities		326	176
Employee entitlements		374	587
Borrowings	11	74,861	69,625
Convertible notes	24	511	2,420
<b>Total current liabilities</b>		<b>80,916</b>	<b>78,245</b>
<b>Non-current liabilities</b>			
Employee entitlements		180	184
Borrowings	11	286	421
Convertible notes	24	182	-
<b>Total non-current liabilities</b>		<b>648</b>	<b>605</b>
<b>Total liabilities</b>		<b>81,564</b>	<b>78,850</b>
<b>Net assets</b>		<b>(2,775)</b>	<b>13,921</b>
<b>Equity</b>			
Issued capital	12	187,951	182,899
Reserves	13	1,092	494
Accumulated losses		(191,818)	(169,472)
<b>Total equity</b>		<b>(2,775)</b>	<b>13,921</b>

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

**Cann Group Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2025**



	Issued Capital	Share based payments reserve	Foreign currency translation reserve	Convertible note reserve	Other reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	177,368	262	(139)	-	-	(118,230)	59,261
Loss after income tax expense for the year	-	-	-	-	-	(51,242)	(51,242)
Other comprehensive income for the year, net of tax	-	-	115	-	-	-	115
Total comprehensive income/(loss) for the year	-	-	115	-	-	(51,242)	(51,127)
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares relating to capital raise (note 12)	4,457	-	-	-	-	-	4,457
Issue of shares related to services (note 12)	82	-	-	-	-	-	82
Issue of placement and commitment shares (note 12)	768	-	-	-	-	-	768
Issue of shares on conversion of convertible notes (note 12)	515	-	-	-	-	-	515
Transaction costs associated with issuing equity	(291)	-	-	-	-	-	(291)
Vesting charge for share-based payments (note 13)	-	176	-	-	-	-	176
Issue of options to convertible note holders (note 13)	-	-	-	80	-	-	80
Balance at 30 June 2024	182,899	438	(24)	80	-	(169,472)	13,921

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

**Cann Group Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2025**



	Issued Capital	Share based payments reserve	Foreign currency translation reserve	Convertible note reserve	Other reserve	Accumulated losses	Total equity/(Net deficiency)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>(22,345)</b>	<b>(22,326)</b>
<i>Transactions with owners in their capacity as owners:</i>							
Shares issued under non-renounceable rights offer (note 12)	2,029	-	-	-	-	-	2,029
Transaction costs associated with issuing equity (note 12)	(77)	-	-	-	-	-	(77)
Shares issued as repayment of short-term loan (note 12)	227	-	-	-	-	-	227
Shares issued on exercise of options issued under NREO (note 12)	-	-	-	-	-	-	-
Issue of shares for convertible notes special purchase (note 12)	105	-	-	-	-	-	105
Issue of placement shares (note 12)	712	-	-	-	-	-	712
Issue of shares on conversion of convertible notes (note 12)	2,056	-	-	-	-	-	2,056
Vesting charge for share-based payments (note 13)	-	82	-	-	-	-	82
Issue of options on issue of share placement (note 13)	-	-	-	-	241	-	241
Issue of options to convertible note holders (note 13)	-	-	-	255	-	-	197
<b>Balance at 30 June 2025</b>	<b>187,951</b>	<b>520</b>	<b>(5)</b>	<b>335</b>	<b>241</b>	<b>(191,817)</b>	<b>(2,775)</b>

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

	Note	30 June 2025 \$'000	30 June 2024 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		11,409	16,334
Payments to suppliers and employees		(19,808)	(30,439)
Other income received		2,246	-
Research and development tax incentive received		1,965	3,468
Interest received		1	17
Interest and other finance costs paid		(5,456)	(4,565)
Net cash used in operating activities	20	(9,643)	(15,185)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	9	(157)	(2,505)
Proceeds from disposal of fixed assets		-	3,680
Net cash from/(used in) investing activities		(157)	1,175
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares net of expenses	12	2,827	4,457
Proceeds from borrowings		6,968	20,985
Net proceeds from convertible notes		750	1,865
Repayment of borrowings		(135)	(12,491)
Repayment of lease liabilities		(2,238)	(45)
Net cash from financing activities		8,172	14,771
Net increase/(decrease) in cash and cash equivalents		(1,628)	761
Cash and cash equivalents at the beginning of the financial year		1,640	765
Effects of exchange rate changes on cash and cash equivalents		(2)	114
Cash and cash equivalents at the end of the financial year		10	1,640

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

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## Note 1. Corporate information

These are the financial statements of Cann Group Limited (Company) and its subsidiaries, including Cannproducts Pty Ltd, Cannoperations Pty Ltd, Cann IP Pty Ltd, Botanitech Pty Ltd, all incorporated and domiciled in Victoria, Australia and the Satipharm business, comprising Satipharm Europe, Satipharm Limited, Satipharm AG, Satipharm Australia Pty Ltd, Satipharm Canada Limited and Phytotech Therapeutics Ltd (together, the Group). Cann Group Limited is an ASX-listed public company incorporated and domiciled in Victoria, Australia.

These financial statements are for the year ended 30 June 2025. Unless otherwise stated, all amounts are presented in thousands of \$AUD (\$'000), which is the functional and presentation currency of all entities in the Group with the exception of the Satipharm business, whose functional currency is the Euro.

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

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

### 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 ('AASB') that are mandatory for the current reporting period.

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

### Going concern

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

As reported above, the Group has incurred net losses for the year ended 30 June 2025 of \$22.33 million (30 June 2024: \$51.13 million), a net current asset deficiency of \$71.34 million as at 30 June 2025 (30 June 2024: \$61.98 million), a net asset deficiency of \$2.78 million (30 June 2024: net asset surplus \$13.92 million), and has a net cash outflow from operating activities of \$9.64 million for the year ended 30 June 2025 (30 June 2024: \$15.19 million).

These conditions give rise to a material uncertainty that may cast a significant doubt on the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have extensively considered the following factors in assessing the appropriateness and uncertainty of the Group's going concern assumption:

#### Refinancing of borrowings

The Group is currently in the process of refinancing its borrowings outlined in Note 11. The proposed refinancing involves a significant restructuring of the Group's debt arrangements with its primary lenders, the establishment of a new debt facility, and an equity raise. The Group is actively engaged in discussions with several private credit funds regarding the new debt facility. As at the date of this report, no formal agreements have been entered into, and therefore the terms and conditions of all borrowings remain as per current agreements and as outlined in Note 11.

Based on the progress made to date and the nature of ongoing discussions, the Directors are confident in achieving a successful outcome. They anticipate completing the refinancing within the next three months, including securing an extension of the current borrowings beyond their existing maturity date of 30 September 2025 to allow for the refinancing to be completed.

#### Convertible note

The Company has a \$15 million convertible note facility, which it has accessed a total of \$2.75 million to date. This facility represents a potential future source of funding (subject to the lender's credit approval) should it be required.

#### Equity

The Company has a history of successfully raising capital from the equity markets, having raised a total of \$2.97 million this financial year (30 Jun 2024: \$4.46 million). These raises have been well supported by both existing shareholders (via Rights Issues) and new shareholders (via private placement). The Company has existing relationships with broker(s) who are readily available to assist should the Company decide to pursue further equity raisings.

**Note 2. Material accounting policy information (continued)**

R&D Tax Credit Refund

The Group expects to receive its R&D tax credit refund of \$1.76 million during October 2025. These funds will be used to repay the R&D loan of approximately \$1.47 million, contributing approximately \$0.29 million of cashflow into the business.

Cashflows from operations

The Group has made material improvements in its operating cash flows over the past several years, and these positive trends are expected to continue as the Group's products gain market share. More specifically, operating cash flows have gone from negative \$22.8 million for FY23 to \$9.64 million in FY25, a 58% improvement over the past two financial years.

This improvement, which is expected to continue, has been underpinned by the following:

- Significant reduction in operating expenditures, which have been reduced by 35% YOY.
- Increase in dried flower production of 35% YOY, resulting in more product available for sale
- Increase in revenues from leading product (Botanitech Flower) of 100% YOY
- Increase in revenues from bulk flower sales as production increases
- Reduction in cost of sales and increased gross margins as the economies of scale are realised
- Refinance of borrowings which is expected to result in a material reduction to interest costs.

Cashflow forecasts for the next 12 months from the date of this report

The Directors have reviewed the Group's cash flow forecasts that indicate that the Consolidated Group will have sufficient cash flows to meet its commitments for a period of at least 12 months from the date of this report. This forecast takes into account the newly reset cost-base of the Group, growth of the Botanitech product range, and assumes the refinancing of borrowings as described above is successful.

Based on the factors described above, the Directors are satisfied that the going concern basis of preparation is appropriate. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

**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.

Unless otherwise stated, amounts in this report have been rounded to the nearest thousand dollars.

*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 23.

**Note 2. Material accounting policy information (continued)**

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all the subsidiaries of the Group as at 30 June 2025 and the results of all its subsidiaries for the reporting period.

Subsidiaries refer to entities over which the Group has the 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.

Subsidiary Name	Date Acquired	Percentage Shareholding 2025	Percentage Shareholding 2024
Cannproducts Pty Ltd (ACN 600 887 189)	27 February 2015	100.00%	100.00%
Cannoperations Pty Ltd (ACN 603 323 226)	27 February 2015	100.00%	100.00%
Cann IP Pty Ltd (ACN 169 764 407)	27 February 2015	100.00%	100.00%
Botanitech Pty Ltd (ACN 604 834 488)	18 March 2015	100.00%	100.00%
Satipharm Europe Ltd	10 March 2021	100.00%	100.00%
Satipharm Limited	10 March 2021	100.00%	100.00%
Satipharm AG	10 March 2021	100.00%	100.00%
Satipharm Australia Pty Ltd	10 March 2021	100.00%	100.00%
Satipharm Canada Limited	10 March 2021	100.00%	100.00%
Phytotech Therapeutics Ltd	10 March 2021	100.00%	100.00%

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.

*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.

*Government grants*

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. Revenue with the R&D tax incentive rebate is accrued at 43.5% of the eligible R&D expenditure.

**Note 2. Material accounting policy information (continued)**

**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.

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

*Finished goods*

Both Oil and Resin 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 on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 2025, the Group's asset classes had effective useful lives as follows:

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.

**Note 2. Material accounting policy information (continued)**

**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.

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

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

**Key judgments – non-recognition of carry-forward tax losses**

The balance of future income tax benefit estimated as \$8.51 million (2024: \$4.47 million) arising from current year tax losses of \$33.71 million (2024: \$17.86 million) and timing differences has not been recognised as an asset because it is not clear when the losses will be recovered. The cumulative future income tax benefit estimated to be \$34.05 million, which has not been recognised as an asset, will only be obtained if:

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

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

**Key judgments – recognition of research and development tax incentive benefits**

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

The balance of research and development tax incentive arising from operations of the Group has been recognised as an asset after a review was conducted by the Company's independent research and development specialists to 30 June 2025. The research and development tax incentive, will only be obtained if:

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

The Company has accrued the expected FY25 R&D tax incentive rebate.

**Key judgments – write down of inventories (refer note 8 for details)**

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

**Key judgments – impairment of property, plant and equipment (refer note 9 for details)**

As at 30 June 2025, due to impairment triggers (eg a reduction in market capitalisation against the net assets of the Group), the directors conducted a fair valuation assessment on the property, plant and equipment held at the Group's Mildura facility. The valuation approach employed was based upon a discounted cash flow model. The recoverable amount was based on value-in-use.

The total fair valuation of this property, plant and equipment was assessed at \$70.20m (2024: \$75.20m). The valuation was performed on the Mildura site as a CGU. As a result, no impairment of the Mildura site was identified.

In determining this valuation, the following key inputs and assumptions were applied in the discounted cashflow model:

	2026	2027	2028	2029	2030
	%	%	%	%	%
Revenue growth	59.53%	29.98%	16.11%	15.45%	13.73%
Gross margin	74.85%	76.36%	76.73%	76.95%	77.00%
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%
Terminal yield	-	-	-	-	19.50%
Total tonnage yield	6.27	7.06	7.94	8.93	9.83

The discount rate applied in the model was 19.50%

*Discount rate sensitivity*

%	Value \$'000
17.50%	80,284
18.50%	74,914
19.50%	70,189
20.50%	65,999
21.50%	62,261

#### Note 4. Operating segments

##### *Determination and presentation of operating segments*

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

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

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

The Group operates in one operational sector and has identified only one reportable segment being cultivation of medicinal cannabis and further processing into manufactured medicinal cannabis products, as well as the corporate office.

Geographical information of total sales and total non-current assets is disclosed as below.

##### *Geographical information*

	Revenues from external customer contracts		Geographical non-current assets	
	30 June 2025 \$'000	30 June 2024 \$'000	30 June 2025 \$'000	30 June 2024 \$'000
Australia	11,236	15,034	69,171	76,444
Europe	-	339	-	-
New Zealand	64	-	-	-
	<u>11,300</u>	<u>15,373</u>	<u>69,171</u>	<u>76,444</u>

#### Note 5. Revenue and other income

	30 June 2025 \$'000	30 June 2024 \$'000
Research and development tax incentives and other government grants	1,946	2,150
Other income	7	835
Gain on sale of fixed assets	-	716
	<u>1,953</u>	<u>3,701</u>
	<b>30 June 2025 \$'000</b>	<b>30 June 2024 \$'000</b>
Revenue from sales of products	11,138	14,023
Revenue from services	162	1,350
	<u>11,300</u>	<u>15,373</u>

**Note 5. Revenue and other income (continued)**

Revenue from the sale of cannabis is generally recognised when control over the goods has been transferred to the customer. Refer to Note 2 for the company's revenue recognition policy.

Included in revenue from sales of products is accrued consignment sales revenue of \$0.52 million (2024: \$0.46 million).

There is one customer that accounts for 17% (2024: 36%) of total revenue from product sales in the period.

An accrual of \$1.65m has been raised for the FY25 Research and Development Tax Incentive (2024: \$2.0m) after a full year review was conducted by the Company's R&D consultants (Refer Note 7).

In the year to 30 June 2024, a gain on sale of \$1.73 million was recognised after completion of the sale of the Southern Facility land & buildings to SatiVite Pty Ltd which was settled on 22 March 2024 for \$1.90 million.

In the year to 30 June 2024, a loss on sale of \$1.02 million was recognised following sale of plant & equipment surplus to the Group's needs to a variety of third parties for a total of \$1.80 million.

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**Note 5. Revenue and other income (continued)**

*Reconciliation of loss on sale of plant & machinery*

	30 June 2025 \$'000	30 June 2024 \$'000
Assets at cost	-	(4,356)
Accumulated depreciation	-	1,558
Proceeds net of commission	-	1,780
	<u>-</u>	<u>(1,018)</u>

*Reconciliation of gain on sale of land & buildings*

Assets at cost	-	(5,015)
Accumulated depreciation	-	4,849
Proceeds net of commission	-	1,900
	<u>-</u>	<u>1,734</u>
Total gain on sale of assets	-	716

**Note 6. Administration and corporate costs**

	30 June 2025 \$'000	30 June 2024 \$'000
Other corporate and administration expenses	1,986	3,167
Insurance expenses	1,080	1,182
Legal and consultancy expenses	652	642
Impairment of investment at fair value through profit or loss	-	433
	<u>3,718</u>	<u>5,424</u>

A write down to investments at fair value through profit or loss of \$0.43 million was charged to administration and corporate costs during the prior year to recognise the impairment of an investment following the settlement of a receivable through the issue of shares from a customer experiencing cash flow issues.

**Note 7. Trade and other receivables**

	30 June 2025 \$'000	30 June 2024 \$'000
<i>Current assets</i>		
Trade receivables	<u>587</u>	<u>1,607</u>
R&D Tax Incentive Accrual	1,646	2,014
Accrued revenue from consignment sales	<u>524</u>	<u>463</u>
	<u>2,170</u>	<u>2,477</u>
	<u>2,757</u>	<u>4,084</u>

**Note 7. Trade and other receivables (continued)**

	30 June 2025 \$'000	30 June 2024 \$'000
Not overdue	2,266	3,535
0 to 3 months overdue	252	435
3 to 6 months overdue	178	114
Over 6 months overdue	71	-
	<u>2,757</u>	<u>4,084</u>

Management assess the ability to recover trade and other receivables on a regular basis. Where it is deemed that it is probable the counterparty will not be able to settle their obligations, management commensurately recognise a provision for expected credit losses. Due to the low quantum of customers it was not possible to prepare an expected credit loss model and specific provisions have been raised against specific debtors as required. Trade receivables average debtor days are 35.

**Note 8. Inventories**

	30 June 2025 \$'000	30 June 2024 \$'000
<i>Current assets</i>		
Cultivation materials & work in progress	546	304
Finished goods - biomass	2,834	5,466
Finished goods - crude extract resin	-	874
Finished goods - oil	783	1,502
Other inventories	130	148
Finished goods - Gelpell	50	211
	<u>4,343</u>	<u>8,505</u>

After review of the inventory balances a write down to inventory of \$3.88 million (2024: \$4.88 million) has been charged to the profit and loss during the period as a fair value adjustment to inventory.

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**Note 9. Property, plant and equipment**

	30 June 2025 \$'000	30 June 2024 \$'000
<i>Non-current assets</i>		
Land and buildings - at cost	77,062	77,096
Less: Accumulated depreciation	(9,799)	(7,330)
Less: Impairment	(14,730)	(14,730)
	<u>52,533</u>	<u>55,036</u>
Freehold improvements - at cost	476	438
Less: Accumulated depreciation	(425)	(355)
	<u>51</u>	<u>83</u>
Plant and equipment - at cost	41,561	40,982
Less: Accumulated depreciation	(20,043)	(15,426)
Less: Impairment	(5,396)	(5,396)
	<u>16,122</u>	<u>20,160</u>
Fixtures and fittings - at cost	894	894
Less: Accumulated depreciation	(533)	(407)
	<u>361</u>	<u>487</u>
Computer equipment - at cost	582	582
Less: Accumulated depreciation	(565)	(435)
	<u>17</u>	<u>147</u>
Capital work in progress	85	531
	<u>69,169</u>	<u>76,444</u>

*Reconciliations*

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

	Land and buildings \$'000	Freehold improvements \$'000	Plant and equipment \$'000	Fixtures and fittings \$'000	Computer equipment \$'000	Capital work in progress \$'000	Total \$'000
Balance at 1 July 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	(2,469)	(69)	(4,617)	(126)	(131)	-	(7,412)
Balance at 30 June 2025	<u>52,533</u>	<u>51</u>	<u>16,122</u>	<u>361</u>	<u>17</u>	<u>85</u>	<u>69,169</u>

As at 30 June 2025, the directors assessed the fair value of property, plant and equipment as part of the Mildura CGU using a value-in-use discounted cashflow model. The total fair valuation of this property, plant and equipment was assessed to be \$70.19 million, and as a result no impairment was identified at the Mildura facility.

**Note 9. Property, plant and equipment (continued)**

	Land and buildings \$'000	Freehold improvements \$'000	Plant and equipment \$'000	Fixtures and fittings \$'000	Computer equipment \$'000	Capital work in progress \$'000	Total \$'000
Balance at 1 July 2023	71,952	142	34,172	613	278	239	107,396
Additions	-	-	66	4	34	2,401	2,505
Disposals	(300)	-	(2,154)	(1)	-	(15)	(2,470)
Impairment of assets	(14,730)	-	(5,396)	-	-	-	(20,126)
Write off of assets	-	-	-	-	(19)	(14)	(33)
Transfers in/(out)	1,442	8	626	4	-	(2,080)	-
Depreciation expense	(3,328)	(68)	(7,154)	(133)	(145)	-	(10,828)
Balance at 30 June 2024	<u>55,036</u>	<u>82</u>	<u>20,160</u>	<u>487</u>	<u>148</u>	<u>531</u>	<u>76,444</u>

**Note 10. Trade and other payables**

	30 June 2025 \$'000	30 June 2024 \$'000
Mildura construction	16	35
Contract manufacturing	397	793
Cultivation vendors	1,178	540
Accrued expenses	1,896	2,058
Research and development	18	624
Other vendors	1,337	1,387
Total trade and other payables	<u>4,843</u>	<u>5,437</u>

Other payables includes premium funding contracts for Cann Group insurance contracts of \$nil (2024: \$0.04 million). Insurance premiums are paid on a monthly basis allowing Cann to spread these costs out over the life of the policy.

**Note 11. Borrowings**

	30 June 2025 \$'000	30 June 2024 \$'000
<i>Current liabilities</i>		
NAB Working Capital facility (i)	15,600	14,945
Construction facility (ii)	52,117	49,400
Chattel mortgages	129	130
Short term loans (iii)	5,839	5,150
R&D tax incentive loan advance (iv)	1,176	-
	<u>74,861</u>	<u>69,625</u>
<i>Non-current liabilities</i>		
Chattel mortgages	286	421
	<u>286</u>	<u>421</u>

**Note 11. Borrowings (continued)**

*i) Working capital facility*

On 20 April 2022 Cann executed documentation to enter into a \$15.00 million working capital facility with the National Australia Bank, which was subsequently extended to \$15.60 million by way of amendment, dated 13 December 2023. The working capital facility has been used by Cann to support the scale up of the business and the next phase of its long-term growth strategy.

The working capital facility had an initial period with review on 30 November 2022 and thereafter it will be reviewed on rolling 12-month periods. The last review was done in April 2025 at which point it was extended to 30 September 2025. This facility has a drawn margin rate of 6.6039% pa and a facility fee of 0.35% pa and it is a secured facility.

The Working Capital facility is cross-collateralised and co-defaulting with the Construction facility. As at 30 June 2025 the facility had been fully drawn down leaving a nil undrawn balance. The Working Capital Facility has been extended from 30 November 2024 to 30 September 2025.

*ii) Construction facility*

The Construction facility as originally executed 14 December 2020 was renegotiated in April 2022 after the commissioning of the Mildura facility. Key terms of this facility include a base interest rate of the BBSY and a total drawn margin rate of 6.4203%. A facility fee of 0.35% pa is also applicable. As at 30 June 2025 the facility had been fully drawn down to \$49.40 million and \$2.72 million interest had been capitalised. The quarterly repayments of the principal loan amounts have been deferred from May 2025 to September 2025. This facility matures on 30 September 2025.

*iii) Short-term loans and financing facilities*

On 3 May 2024, Cann executed a facility agreement with a prominent Australian private credit fund to provide a secured debt facility of \$5.00 million. The full \$5.00 million was drawn in one lump sum on 7 May 2024. The principal is subject to 15% interest per annum, payable monthly in arrears until 31 January 2025. Interest has been capitalised from 28 February 2025 to 30 June 2025 following negotiation. The original facility maturity date of 7 May 2025 has been extended to 30 September 2025. The facility is secured over Cann's Mildura property as a second mortgage behind the NAB.

On 31 October 2024, Cann entered a short-term finance arrangement with a local lender to fund part of its insurance obligations. The initial balance payable was \$0.08 million payable monthly in arrears until 31 July 2025 subject to an interest rate of 5.75% The balance outstanding at 30 June 2025 was \$0.01 million.

On 15 June 2025, Cann entered a short-term finance arrangement with a local lender to fund its Industrial Special Risks insurance obligation. The initial balance payable was \$0.51 million payable monthly in arrears until 15 November 2025 subject to an interest rate of 2.89% The balance outstanding at 30 June 2025 was \$0.51 million.

*iv) R&D tax incentive loan advance*

On 24 April 2025, Cann drew down the first tranche of a loan advance from a local lender against the expected research & development tax incentive (RDTI) for FY25. The amount loaned was \$0.84 million based on R&D activities from 1 July 2024 to 28 February 2025 and is subject to 15% interest per annum, payable together with the capital on receipt of the RDTI in the period to 31 October 2025, the loan maturity date. On 12 June 2025, Cann drew down the second and final tranche of the loan. The amount loaned was \$0.32 million, based on R&D activities from 1 March 2025 to 30 April 2025 and is subject to the same terms as tranche one. In addition to interest, a small account fee was deducted from the proceeds.

**Note 12. Issued capital**

	30 June 2025 Shares	30 June 2024 Shares	30 June 2025 \$'000	30 June 2024 \$'000
Ordinary shares - fully paid	636,176,155	445,846,142	187,951	182,899

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2023	388,614,865		177,368
Shares issued under non-renounceable rights issue	1 August 2023	37,139,102	\$0.12	4,457
Shares issued to CSIRO for payment of services	28 August 2023	520,118	\$0.16	82
Shares issued under the Convertible Securities Agreement	21 November 2023	985,286	\$0.11	108
Shares issued under the Convertible Securities Agreement	22 November 2023	3,333,333	\$0.11	367
Shares issued under the Convertible Securities Agreement	22 November 2023	2,662,398	\$0.11	293
Transaction costs associated with issuing equity		-	\$0.00	(291)
Shares issued under conversion of Convertible Notes	2 February 2024	2,099,905	\$0.04	78
Shares issued under conversion of Convertible Notes	23 February 2024	2,397,104	\$0.03	80
Shares issued under conversion of Convertible Notes	11 June 2024	8,094,031	\$0.03	357
Balance	30 June 2024	445,846,142		182,899

*Movements in spare share capital*

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		-	\$0.00	(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*

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**Note 12. Issued capital (continued)**

*Shares in escrow*

During the year nil shares (2024: 100,000 shares) were issued on conversion of performance rights. Shares are unquoted and held in escrow until the earlier of the employee leaving the company or 2 years after the date of issue.

**Note 13. Reserves**

	30 June 2025 \$'000	2024 \$'000
Foreign currency reserve	(5)	(24)
Share based payments reserve	520	438
Convertible note reserve	335	80
Other reserve	242	-
	<u>1,092</u>	<u>494</u>

For share-based payments received by employees and Key Management Personnel of the Group, fair value is measured by reference to the fair value of the equity instruments at their grant date, being the date that both the recipient and the Group have a shared understanding of the terms and conditions connected to the share-based payment. Any market-based vesting conditions are incorporated into the valuation of the share-based payment arrangement as at the grant date. Share-based payments with non-market based performance conditions vest according to the pro-rata achievement of those conditions. Share-based payments with non-performance-based conditions are valued using the Black-Scholes model and payments with market-based performance conditions are valued using a binomial model which incorporates from both the performance rights arrangement and market data that existed at grant date.

Employee remuneration (benefits)/costs incurred in respect of performance rights for the year ended 30 June 2025 is \$0.11 million (2024: \$0.18 million).

**Performance rights over ordinary shares**

No Performance Rights were issued in the year to 30 June 2025 (2024: nil).

The fair value of performance rights still vesting has been calculated on the basis of the Black-Scholes model using the following key assumptions:

Grant of performance rights		Number of performance rights	Spot price on issue date	Risk free rate %	Expiry date	Volatility rate	Fair value 000's
Performance Rights 2023 Series	10/02/2023	554,466	0.18	3.41%	10/02/2026	71.23%	103
		<u>554,466</u>					<u>103</u>

The weighted average remaining contractual life of performance rights outstanding at 30 June 2025 was 0.6 years (2024: 1.1 years).

Given a nil exercise price of the Performance Rights, adopting different volatility assumptions does not have an impact on the Performance Rights' valuation.

**Note 13. Reserves (continued)**

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
21/12/2021	21/12/2025	\$0.00	448,203	-	-	(448,203)	-
10/02/2023	10/02/2026	\$0.00	982,149	-	-	(427,683)	554,466
			<u>1,430,352</u>	<u>-</u>	<u>-</u>	<u>(875,886)</u>	<u>554,466</u>
Weighted average exercise price			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**Options over ordinary shares**

On 4 April 2023 1,620,000 options over fully paid ordinary shares were issued to employees of the Company. The options will vest over 3 years in equal tranches of 20,000 with the tranche vesting 12 months after the issue date. The exercise price for each tranche is 22 cents per share. During the financial year, 260,000 options vested and 380,000 options were forfeited by virtue of staff leaving the Company.

On 1 August 2023, 18,569,840 options were issued as free attaching options as an incentive to attract investors to a non-renounceable rights issue. As no good or service had been provided, no charge was recognised in the share-based payments vesting expense. These options expired on 1 February 2025.

On 6 November 2024 1,200,000 share options were issued to the Non-Executive Directors and the Chairman of the Group. All options issued vest in three equal tranches over 3 years from the grant date and have an exercise price of \$0.08 per option. All options issued carry a single vesting condition of continuous employment at Cann at each annual vesting date and expire five years from grant date.

On 11 November 2024, as per the Convertible Note agreement, along with the entitlement for conversion of Notes into fully paid ordinary shares, the Noteholders were issued 6,735,867 options over fully paid ordinary shares. These options expire 11 November 2026. An additional 6,735,867 options were issued to the broker for their services, which also expire on 11 November 2026.

On 11 and 12 November 2024 a total of 16,625,000 options over fully paid ordinary shares were issued to the Cann Group leadership team. All options issued vest in three equal tranches over 3 years from the grant date. The options were issued in three separate tranches with three different exercise prices (Year 1 - \$0.06, Year 2 - \$0.08 and Year 3 - \$0.10). All options issued carry a single vesting condition of continuous employment at Cann at each annual vesting date and expire five years from grant date. A total of 1,500,000 options were lapsed during the year due to staff leaving the Company.

On 2 December 2024, 18,799,046 options were issued as free attaching options as an incentive to attract investors to a non-renounceable rights issue. These options have an exercise price of \$0.08 per share and expire 2 December 2026.

On 8 April 2025, the Group received a commitment to raise \$711,902 (before costs) via private placement at 1.7 cents per share through issue of 41,876,573 shares. Participants received one attaching 'Placement Option' for every share resulting in an issue of 49,376,573 share options including 7,500,000 issued to the lead placement manager. The options have an exercise price of \$0.03 and expire 24 months from issue date. A charge for the lead manager options has been recognised in financing costs in the year to 30 June 2025. The charge was based on a valuation performed by an external specialist.

On 2 June 2025 - 95,550 Convertible Notes and 1,746,147 share options were issued to Obsidian Global GP, LLC for a consideration of \$150,000 ('First Special Purchase'), and a further 385,260 Convertible Notes and 7,924,832 share options were issued to the same counterparty for a consideration of \$600,000 ('Second Special Purchase'). A charge has been recognised in financing costs in the year to 30 June 2025. The charge was based on a valuation performed by an external specialist.

Set out below is a table containing options outstanding at balance date:

Note 13. Reserves (continued)

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
9/02/2023	9/02/2028	\$0.45	1,500,000	-	-	(1,500,000)	-
4/04/2023	4/04/2028	\$0.22	1,180,000	-	-	(380,000)	800,000
1/08/2023	1/02/2025	\$0.22	18,569,840	-	-	(18,569,840)	-
6/11/2024	31/10/2029	\$0.08	-	1,200,000	-	-	1,200,000
11/11/2024	11/11/2026	\$0.225	-	13,471,734	-	-	13,471,734
13/11/2024	30/06/2029	\$0.06	-	5,375,001	-	(500,000)	4,875,001
13/11/2024	30/06/2029	\$0.08	-	5,375,001	-	(500,000)	4,875,001
13/11/2024	30/06/2029	\$0.10	-	5,374,998	-	(500,000)	4,874,998
2/12/2024	2/12/2026	\$0.08	-	18,799,046	-	-	18,799,046
2/06/2025	2/06/2027	\$0.0508	-	1,746,147	-	-	1,746,147
2/06/2025	2/06/2027	\$0.0523	-	7,924,832	-	-	7,924,832
8/04/2025	4/06/2027	\$0.03	-	49,376,573	-	-	49,376,573
			<u>21,249,840</u>	<u>108,643,332</u>	<u>-</u>	<u>(35,421,575)</u>	<u>97,451,597</u>
Weighted average exercise price			\$0.236	\$0.073	\$0.00	\$0.228	\$0.074

Grant of options	Number of options	Spot price at grant of option	Options exercise price	Risk free rate %	Options expiry date	Options vesting date	Volatility %	Fair value \$'000
GESOP 2023 Series - Tranche 4 (a)	460,000	0.15	0.22	2.98%	4/04/2028	4/04/2024	76.00%	8
GESOP 2023 Series - Tranche 4 (b)	360,000	0.15	0.22	2.98%	4/04/2028	4/04/2025	76.00%	8
GESOP 2023 Series - Tranche 4 (c)	360,000	0.15	0.22	2.98%	4/04/2028	4/04/2026	76.00%	8
NED Opts 2025 - Tranche 1	400,000	0.05	0.08	4.20%	31/10/2029	1/11/2025	70.00%	8
NED Opts 2025 - Tranche 2	400,000	0.05	0.08	4.20%	31/10/2029	1/11/2026	70.00%	8
NED Opts 2025 - Tranche 3	400,000	0.05	0.08	4.20%	31/10/2029	1/11/2027	70.00%	9
Options 2025 Series - Tranche 1	5,375,001	0.05	0.06	4.24%	30/06/2029	1/07/2025	70.00%	128
Options 2025 Series - Tranche 2	5,375,001	0.05	0.08	4.24%	30/06/2029	1/07/2026	70.00%	128
Options 2025 Series - Tranche 3	5,374,998	0.05	0.10	4.24%	30/06/2029	1/07/2027	70.00%	128
Rights Issue – Nov 2024 Noteholder	18,799,046	0.05	0.08	4.24%	2/12/2026	2/12/2024	70.00%	446
Options - Special Purchase 1 Noteholder	1,746,147	0.03	0.06	3.83%	6/03/2027	6/03/2025	73.00%	10
Options - Special Purchase 2	7,924,832	0.02	0.05	3.73%	21/03/2027	21/03/2025	73.00%	39
Placement Options	49,376,573	0.02	0.03	3.73%	4/06/2027	4/06/2025	73.00%	242

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**Note 13. Reserves (continued)**

The total expense of share-based payments recognised in the statement of profit or loss and other comprehensive income amounted to \$0.19 million. The remaining fair value will be expensed in subsequent years in accordance with the specific service conditions of the rights.

During the year 1,984 (2024: nil) shares were issued on conversion of options.

The 9.61 million convertible noteholder options are included in the convertible note reserve. An expense of \$0.05 million has been recognised in the statement of profit or loss and other comprehensive income in respect of these options.

The 49.4 million placement options are included in the other reserve. An expense of \$0.24 million has been recognised in the statement of profit or loss and other comprehensive income in respect of these options.

**Note 14. Loss per share**

	30 June 2025 \$'000	30 June 2024 \$'000
Loss after income tax	(22,345)	(51,242)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic loss per share	528,049,376	429,385,901
Weighted average number of ordinary shares used in calculating diluted loss per share	528,049,376	429,385,901
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(4.23)	(11.93)
Diluted loss per share	(4.23)	(11.93)

Performance rights and options have not been included in the weighted average number of ordinary shares as the Group presently has accumulated losses and no certainty of future profits to offset those losses.

The potentially dilutive effects of any contingently issuable ordinary shares have not been considered in the diluted loss per share calculation because the Group is in a loss-making position and such an effect would be anti-dilutive.

**Note 15. Key Management Personnel disclosures**

*Directors*

The following persons were Directors of Cann Group Limited during the financial year:

Dr Julian Chick (resigned 10 February 2025)	Chairman
Mr Douglas Rathbone (appointed interim Chairman 10 February 2025)	Non-executive Director and Interim Chairman
Ms Jenni Pilcher	CEO & Managing Director
Mr Robert Barnes (resigned 31 March 2025)	Non-executive Director
Mr Peter Kopanidis (appointed 31 March 2025)	Non-executive Director

*Other Key Management Personnel*

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Ms Jenni Pilcher	CEO & Managing Director
Mr Tony Di Pietro	Chief Financial Officer (resigned 14 August 2024)

**Note 15. Key Management Personnel disclosures (continued)**

*Compensation*

The aggregate compensation paid to Directors and other members of key management personnel of the Group is set out below:

	30 June 2025	30 June 2024
	\$	\$
Short-term employee benefits	591,717	1,038,940
Post-employment benefits	54,861	85,910
Share-based payments	58,425	80,161
	<u>705,003</u>	<u>1,205,011</u>

**Note 16. Remuneration of auditors**

	30 June 2025	30 June 2024
	\$	\$
(i) Audit and other assurance services		
Audit and review of financial statements - William Buck	23,096	137,975
Audit and review of financial statements – Connect National Audit	94,746	-
(ii) Non-assurance services		
Tax compliance services and other regulatory compliance – William Buck	(7,080)	62,864
Tax compliance services and other regulatory compliance – RSM	65,934	-
Tax compliance services and other regulatory compliance – FB Rice	5,000	-
Total remuneration	<u>181,696</u>	<u>200,839</u>

**Note 17. Related party transactions**

*Parent entity*

Cann Group Limited is the parent entity.

*Key Management Personnel*

Disclosures relating to Key Management Personnel are set out in note 15 and the remuneration report included in the Directors' report.

*Transactions with related parties*

Transactions between the Group and related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no related party transactions in the year to 30 June 2025.

In the prior year, the Company had a short term lease for Corporate office space on normal commercial terms with Rathbone Wine Group. The lease was exited during the year to 30 June 2024. The building is owned by REI Property Sub Trust 2. Rathbone Wine Group are the head tenant. An amount of \$0.10 million was paid.

**Note 18. Contingent liabilities and commitments**

There were no contingent liabilities or commitments as at 30 June 2025.

### Note 19. Events after the reporting period

On 22 September 2025, Cann drew down a further \$260,280 as an additional tranche on the loan advance against expected R&D tax incentives (Note 11(iv)), due to the final FY25 income tax return being lodged with the Australian Taxation Office.

On 8 September, a non-waiver Cann received a Letter of Non-Waiver from the National Australia Bank (“NAB”) in relation to Cann’s non-payment of quarterly and six-monthly interest and facility fees owed on the Company’s Property Development Facility and Working Capital Facility (Note 11) totalling \$1,378,152 which were due late August 2025. Importantly, NAB has confirmed, that whilst reserving its rights and remedies, it will not be taking any action at this time.

### Note 20. Reconciliation of loss after income tax to net cash used in operating activities

	30 June 2025 \$'000	30 June 2024 \$'000
Loss after income tax expense for the year	(22,345)	(51,242)
Adjustments for:		
Impairment of property, plant and equipment	-	20,126
Insurance expenses subject to financing	488	(692)
Loss/(Gain) on sale of fixed assets	20	(716)
Equity settled transactions	-	(171)
Share-based payments expense	325	117
Interest capitalised into convertible notes	130	1,853
Changes in the value of financial assets	(5)	64
Depreciation, Amortisation and loss on sale of assets	7,440	11,037
Impairment of investment	-	433
Interest and other finance costs	-	271
(Gain)/Loss on derivatives and foreign exchange	(65)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,306	2,276
Decrease/(increase) in inventories	4,203	2,008
Decrease/(increase) in prepayments	(474)	1,758
(Decrease)/increase in trade and other payables	(665)	(2,307)
Net cash used in operating activities	<u>(9,643)</u>	<u>(15,185)</u>

### Note 21. Financial instruments

#### **Financial risk management objectives**

The Group’s material financial instruments consist of deposits with banks, its accounts payable, its borrowings and convertible notes. The Board is responsible for managing the Group’s significant financial risks, which are its liquidity risk, which it does through regularly reviewing rolling cash flow forecasts and examining its levels of available working capital against such forecasts and its interest rate risk exposure.

#### **Market risk**

The Group does not believe it has any material market risk of loss arising from adverse movements of market instruments including foreign exchange and interest rates.

#### **Interest rate risk**

The Group has, as of the reporting date, a minimal direct exposure to interest rate risk, which is the risk that a financial instrument’s market value will fluctuate as a result of changes in market interest rates. The effective weighted average interest rates on classes of financial assets and financial liabilities are as follows:

**Note 21. Financial instruments (continued)**

30 June 2025	Weighted average effective interest rate	Floating interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	over 5 years \$'000	Non-interest bearing \$'000	Total \$'000
<b>Assets:</b>							
Cash and bank balances		-	-	-	-	10	10
Financial assets at fair value		-	-	-	-	35	35
Trade and other receivables		-	-	-	-	2,757	2,757
Prepayments		-	-	-	-	821	821
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,624</b>	<b>3,624</b>
<b>Liabilities:</b>							
Trade and other creditors	0.00	-	-	-	-	(4,844)	(4,844)
Chattel mortgages	7.42	-	(129)	(286)	-	-	(415)
Borrowings	6.71	-	(74,861)	-	-	-	(74,861)
<b>Total financial liabilities</b>		<b>-</b>	<b>(74,990)</b>	<b>(286)</b>	<b>-</b>	<b>(4,844)</b>	<b>(80,120)</b>
<b>Net financial assets (liabilities)</b>		<b>-</b>	<b>(74,990)</b>	<b>(286)</b>	<b>-</b>	<b>(1,220)</b>	<b>(76,496)</b>
<b>30 June 2024</b>							
	Weighted average effective interest rate %	Floating interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	over 5 years \$'000	Non-interest bearing \$'000	Total \$'000
<b>Assets:</b>							
Cash and bank balances	-	-	-	-	-	1,640	1,640
Financial assets at fair value	-	-	-	-	-	31	31
Trade and other receivables	-	-	-	-	-	4,084	4,084
Prepayments	-	-	-	-	-	347	347
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,102</b>	<b>6,102</b>
<b>Liabilities:</b>							
Trade and other creditors	0.23	-	(35)	-	-	(5,402)	(5,437)
Chattel mortgages	6.75	-	(130)	(421)	-	-	(551)
Borrowings	6.66	-	(69,495)	-	-	-	(69,495)
<b>Total financial liabilities</b>		<b>-</b>	<b>(69,660)</b>	<b>(421)</b>	<b>-</b>	<b>(5,402)</b>	<b>(75,483)</b>
<b>Net financial assets (liabilities)</b>		<b>-</b>	<b>(69,660)</b>	<b>(421)</b>	<b>-</b>	<b>700</b>	<b>(69,381)</b>

**Note 21. Financial instruments (continued)**

The Company has a \$49.40 million construction facility with the National Australia Bank which has been used to fund the construction of the new state-of-the art large scale manufacturing facility near Mildura. The loan was restructured in April 2022 after the facility was commissioned. The loan was reviewed again in the period to 30 June 2025. Three quarters' interest has been capitalised into the loan for \$2.72 million. The maturity date has been extended to 30 September 2025. Base interest rate is the Bank Bill Swap Bid Rate. The drawn down margin rate is 2.64% pa and the facility fee is 0.35% pa. Amortisation of the loan commenced 31 May 2024 on a quarterly basis for a period of 10 years. The facility had been fully drawn down to an amount of \$49.40 million at 30 June 2025. Repayment terms have been extended to 30 September 2025.

On 20 April 2022 Cann executed documentation to enter into a \$15.00 million working capital facility with the National Australia Bank, which was subsequently extended to \$15.60 million by way of amendment, dated 13 December 2023. The working capital facility has been used by Cann to support the scale up of the business and the next phase of its long term growth strategy. The facility terms were negotiated for an initial period with the first review held on 30 November 2022. Thereafter it will be reviewed on a rolling 12 month period. Key terms include a drawn down rate of 2.34% pa and a facility fee of 0.35% per annum. The Working Capital facility is cross-collateralised and co-defaulting with the Construction facility. As at 30 June 2025 the facility had been drawn down by \$15.60 million leaving a balance of \$nil to be drawn down. Repayment terms have been extended to 30 September 2025.

On 3 May 2024 Cann executed a facility agreement with a prominent Australian private credit fund to provide a secured debt facility of \$5.00 million. The full \$5.00 million was drawn in one lump sum on 7 May 2024. The principal is subject to 15% interest per annum, payable monthly in arrears until 28 February 2025 at which point interest was capitalised into the loan. The maturity date of the facility has been extended to 30 September 2025. The facility is secured over Cann's Mildura property as a second mortgage behind the NAB. In addition to the monthly interest, the Facility has upfront fees of 3% of the principal, \$0.07 million work fee and a 1% broker fee together with customary legal costs.

For the Group the borrowings outstanding, totalling \$74.86 million (2024: \$70.05 million), are principal and interest payment loans. Quarterly cash outlays of approximately \$1.00 million (2024: \$1.00 million) per quarter are required to service the interest payments, although the Construction and Working Capital facilities have been extended to 30 September 2025. An official increase/decrease in interest rates of 0.5 percent would have an adverse/favourable effect on loss before tax of \$0.34 million (2024: \$0.31 million) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

**Credit risk**

The Group does not believe it has any material risk from a counterparty defaulting on its contractual obligations or commitments resulting in financial loss as such risk is managed by implementing a policy of only dealing with creditworthy counterparties in accordance with established credit limits for all future transactions with customers. The Group also reviews the overall financial strength of its customers by monitoring publicly available credit information.

The Directors have assessed that the fair values of the Group's financial assets and liabilities reasonably approximate their carrying values, as represented in these financial statements.

**Liquidity risk**

Liquidity risk arises from the possibility that the Group may encounter difficulty in meeting its obligations for its financial liabilities, which at 30 June 2025 were primarily accounts payable with due terms of between 0-45 days and working capital facility with the National Australia Bank.

**Foreign currency risk**

Subsequent to the acquisition of Satipharm, the Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. The management managed the foreign currency transactions on a monthly basis to avoid the fluctuation on the exchange rate, while the Group does not have any material foreign currency risk exposure. Where exposures do arise, forward foreign exchange contracts will be applied.

## Note 22. Capital management

The Board of Directors are charged with determining the optimal mix of debt and equity which is suitable for the needs of the Group. For the year ended 30 June 2025 the Group held a \$49.40 million loan facility available for the purpose of funding the construction of the Mildura Facility. As at 30 June 2025 this was drawn down to the amount of \$49.40 million. The Board considers it appropriate that the construction of the Mildura Facility be sourced through a mix of equity and long-term debt financing.

The Group also had access to a \$15.60 million working capital facility at the end of the financial year which was drawn to \$15.60 million. The working capital facility is used by Cann to support execution of its long-term growth strategy.

The Group's treasury function reports to the Board monthly with forecast cash flow information that enables the Company to conduct its capital raising activities in an orderly fashion at a dilutive cost to existing shareholders that is appropriate and reasonable.

## Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

### Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2025	30 June 2024
	\$'000	\$'000
Loss after income tax	(10,654)	(11,915)
Total comprehensive loss	(10,654)	(11,915)

### Statement of financial position

	Parent	
	30 June 2025	30 June 2024
	\$'000	\$'000
Total current assets	2,469	3,886
Total assets	201,800	202,156
Total current liabilities	893	73,147
Total liabilities	77,693	73,295
Equity		
Issued capital	187,951	182,898
Share based payments reserve	647	516
Foreign currency translation reserve	475	-
Accumulated losses	(65,207)	(54,553)
Total equity	<u>123,865</u>	<u>128,861</u>

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

**Note 24. Convertible notes**

	30 June 2025 \$'000	30 June 2024 \$'000
<b>Carrying amount of convertible notes</b>		
Current liabilities		
Convertible note – host liability at amortised cost	241	2,359
Convertible note – fair value of embedded derivative	269	61
	<u>510</u>	<u>2,420</u>
Carrying amount at 30 June 2025		
Non current liabilities		
Convertible note – host liability at amortised cost	182	-
Convertible note – fair value of embedded derivative	-	-
	<u>182</u>	<u>-</u>
Carrying amount at 30 June 2025		
<i>Total liabilities</i>		
Convertible notes	<u>693</u>	<u>2,420</u>

Reconciliation of movements in convertible notes:

	30 June 2025 \$'000	30 June 2024 \$'000
Proceeds received on issue	2,750	2,000
Cost of issuance of convertible notes	(415)	(351)
Equity instruments issued	(920)	(555)
Amortisation	1,850	1,841
Conversion into equity	(2,572)	(515)
	<u>693</u>	<u>2,420</u>

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**Note 24. Convertible notes (continued)**

On 21 November 2023, the Company entered into a funding arrangement through an unsecured Convertible Note with Obsidian Global GP, LLC ('Noteholder'). The funding arrangement has an aggregate limit of up to \$15.00 million.

On 27 November 2023, the Company issued 1,322,200 Convertible Notes to Obsidian Global GP, LLC for proceeds of US\$1 per convertible note, and a face value of US\$1.15 per convertible note as at 27 November 2024, in respect of which the Company received A\$2.00 million gross proceeds at the time of issue.

The facility has a limit of \$15.00 million and maturity date of 18 months after the execution date, being 27 May 2025. Obsidian Global GP, LLC have not demanded the Group settle the remaining balance at maturity in cash, instead opting to convert remaining notes into fully paid ordinary shares. As at 30 June 2025, the facility has an undrawn facility amount of \$12.25 million (2024: \$13.00 million) with proceeds of \$0.75 million received in the period to 30 June 2025 in respect of Special Purchases (see below). Subsequent draw down tranches are permitted 90 days immediately after the previous tranche drawn and the maximum amount of each subsequent purchase to not exceed \$3.00 million. Any subsequent tranche draw down up to a maximum of four (4) tranches is to be agreed by mutual agreement between Cann Group and the Noteholder, subject to Cann Group maintaining a market capitalisation of at least \$35.00 million.

Upon issue of the Convertible Notes (Notes), the Company also issued 985,286 Commitment shares and 3,333,333 Placement shares for the purpose of incentivising the Noteholder into the transaction. The Commitment shares issued to the note holder were assessed at a fair value of \$0.10 million and the Placement shares were assessed at a fair value of \$0.40 million.

As per the Convertible Note agreement, along with the entitlement for conversion of Notes into fully paid ordinary shares, the Noteholder was also issued 6,735,867 share options over fully paid ordinary shares, which expired in the period to 30 June 2025. The arrangement was valued using the Binomial model, with the fair value on grant date being \$0.08 million. The options issued over fully paid ordinary shares had a \$0.225 exercise price and an expiry date of 11 November 2026.

The options had the following valuation model inputs to determine the fair value at grant date:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility %	Dividend Yield %	Risk-Free Interest Rate %	Fair Value at Grant Date
11/11/2024	11/11/2026	\$0.110	\$0.225	61.900%	-	4.155%	\$0.012

Whereby the drawn down amount becomes due and payable, or the Noteholder at their discretion at any time prior to the maturity date, may elect to convert the convertible notes into shares. The convertible notes can be converted into shares on the following terms being the lesser of:

- (a) 92% of the average of the 3 lowest daily VWAPs during the 15 Actual Trading Days prior to the relevant Conversion Notice Date, rounded down to the lowest \$0.001; and
- (b) The fixed conversion price.

Where the maximum number of shares that can be issued without shareholder approval is 40,000,000 and the fixed conversion price is defined as \$0.1998.

As a result of the above, a conversion option exists which has resulted in an embedded derivative being recognised on initial recognition of the convertible notes in the financial statements of \$0, due to the convertible feature being considerably out of the money at execution date. There is an FX embedded derivative on initial recognition of \$0.06 million, on account of the face value being US\$1.15, and the drawdown amount of \$2.00 million was recognised. The valuation of the embedded derivatives at initial recognition were performed by an external valuation expert and subsequently on balance date.

The convertible notes are unsecured.

Further to the above, should Cann Group undertake a fund raising in excess of \$2.50 million prior to the maturity date, the Noteholder may elect to require the Company to apply up to 20% of those funds to redeem Convertible Notes on issue.

Further to the above, 6,735,867 share options were issued to the lead broker, EverBlu Capital, as payment for their services in arrangement of the convertible note. The fair value of 6,735,867 options issued to the lead broker was \$0.08 million. This

**Note 24. Convertible notes (continued)**

cost was recognised in the convertible note reserve. See note 13 for further details in respect of Share Based Payments. Further to this, the Group incurred the following:

- a cash fee of \$0.12 million paid to the lead broker, being 6% of the initial \$2.00 million drawn down, and
- 2,662,938 ordinary shares were issued to the lead broker, EverBlu Capital, for a fair value of \$0.29 million as payment for their services.

**Valuation methodology applied in valuing Convertible Notes**

Upon issue of the Convertible Notes in November 2024, the Group utilised an external valuation expert to value the Convertible Notes including the issued share options using the Binomial Option Pricing. The FX embedded derivative was valued using market observed pricing to determine the fair value.

Significant unobservable inputs in applying this technique include the Group's future share price, exercise price, expiry date and volatility used to calculate the 5 lowest daily volume weighted average prices (VWAPs) during the 20 trading days prior to maturity.

A Binomial Option Pricing valuation methodology has been used to determine the value of the Options issued to the Noteholder and Lead Broker and the spot price used in valuing the Placement Shares, Commitment Shares & Lead Broker Shares.

The Directors of the Company appointed an external valuation expert to perform a fair value valuation on the convertible notes and the related embedded derivatives at inception.

In fair valuing the host liability as at inception, an effective interest rate of 78% was applied which reflects the short-term nature and costs associated with issuance of the convertible notes.

As at 30 June 2025 the group has no liabilities where the fair value measurement is based on quoted prices in active markets (Level 1 hierarchy) or significant unobservable inputs (Level 2 hierarchy). As at 30 June 2025 the fair value of the embedded derivative is measured using significant unobservable inputs (Level 3 hierarchy). There has been no change in the Group's valuation process, valuation techniques and types of inputs used in the fair value measurement at the end of the reporting period in comparison to the methodology upon inception. There have been no transfers between levels of fair value hierarchy during the period ended 30 June 2025.

Refer to note 25 for further information on financial instruments including significant unobservable inputs (Level 3 hierarchy).

**Event of Default**

On 1 March 2024 ("Default Date") the Group triggered an Event of Default due to its suspension from trading on the ASX. This triggered an increase in the Notes face value by 10% (US\$1.15 to US\$1.265), default conversion price and default interest clause of the facility. The additional interest to reflect the higher discount rate has been adjusted for in the financial statements.

Following the Event of Default, interest shall be payable on the convertible securities at a rate of 15% per annum which shall accrue daily and shall be compounded monthly from the date of the Event of Default until the Company discharges the amount outstanding in full.

Additionally following the Event of Default, the conversion price will change to the lesser of the premium conversion price and 80% of the lowest daily VWAP during the 10 actual days prior to the conversion date.

Due to the fact that the convertible note is now repayable upon demand, management made an assessment to fully amortise the liability in the year ending 30 June 2024. The treatment remains consistent as at 30 June 2025 and better reflects the possible immediate repayment that could be called upon, subsequent to the default event.

**Conversions**

As at 30 June 2025, 1,195,237 notes (2024: 330,000) had been redeemed for the issue of 97,642,664 ordinary shares (2024: 12,591,040 ordinary shares) as detailed in note 12.

**Special Purchase**

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

**Note 24. Convertible notes (continued)**

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

Upon issue of the Convertible Notes (Notes), the Company issued 7,000,000 Placement shares for the purpose of incentivising the Noteholder into the transaction. The Placement shares were assessed at a fair value of \$0.17 million.

As per the Convertible Note agreement, along with the entitlement for conversion of Notes into fully paid ordinary shares, the Noteholder was also issued 1,746,147 share options in respect of the First Special Purchase and a further 7,924,832 options in respect of the Second Special Purchase, which are yet to be exercised at 30 June 2025. The arrangement was valued using the Binomial model, with the fair value on grant date being assessed as \$0.05 million. The options issued in respect of the First Special Purchase have a \$0.057 exercise price and expire on 2 June 2027. The options issued in respect of the Second Special Purchase have a \$0.051 exercise price and expire on 2 June 2027.

The 9.67 million noteholder options are included in the convertible note reserve.

The options had the following valuation model inputs to determine the fair value at grant date:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility	Dividend Yield	Risk-Free Interest Rate	Fair Value at Grant Date
				%	%	%	
2/6/2025	2/6/2027	\$0.027	\$0.0573	73.00%	-	3.832%	\$0.001
2/6/2025	2/6/2027	\$0.027	\$0.0505	73.00%	-	3.832%	\$0.001

Whereby the drawn down amount becomes due and payable, or the Noteholder at their discretion at any time prior to the maturity date, may elect to convert the convertible notes into shares. The convertible notes can be converted into shares on the following terms being the lesser of:

- (a) 92% of the average of the 3 lowest daily VWAPs during the 15 Actual Trading Days prior to the relevant Conversion Notice Date; and
- (b) The fixed conversion price.

Where the maximum number of shares that can be issued without shareholder approval is 40,000,000 and the fixed conversion price is defined as \$0.05.

As a result of the above, a conversion option exists which has resulted in an embedded derivative being recognised on initial recognition of the convertible notes in the financial statements of \$0, due to the convertible feature being considerably out of the money at execution date. There is an FX embedded derivative on initial recognition of \$0.16 million, on account of the face value being US\$1.15, and the drawdown amount of \$0.75 million being recognised. The valuation of the embedded derivatives at initial recognition were performed by an external valuation expert and subsequently on balance date.

The convertible notes are unsecured.

Further to the above, should Cann Group undertake a fund raising in excess of \$2.50 million prior to the maturity date, the Noteholder may elect to require the Company to apply up to 20% of those funds to redeem Convertible Notes on issue.

**Valuation methodology applied in valuing Special Purchase Convertible Notes**

Upon issue of the Convertible Notes in March 2025, the Group utilised an external valuation expert to value the Convertible Notes including the issued share options using the Trinomial Option Pricing. The FX embedded derivative was valued using market observed pricing to determine the fair value.

Significant unobservable inputs in applying this technique include the Group's future share price, exercise price, expiry date and volatility used to calculate the 5 lowest daily volume weighted average prices (VWAPs) during the 20 trading days prior to maturity.

A Binomial Option Pricing valuation methodology has been used to determine the value of the Options issued to the Noteholder and the spot price used in valuing the Placement Shares.

**Note 24. Convertible notes (continued)**

The Directors of the Company appointed an external valuation expert to perform a fair value valuation on the convertible notes and the related embedded derivatives at inception.

In fair valuing the host liability as at inception, an effective interest rate of 29.8% was applied to the First Special Purchase on 6 March 2025 and 55.2% to the Second Special Purchase on 21 March 2025 which reflects the short-term nature and costs associated with issuance of the convertible notes.

As at 30 June 2025 the group has no liabilities where the fair value measurement is based on quoted prices in active markets (Level 1 hierarchy) or significant unobservable inputs (Level 2 hierarchy). As at 30 June 2025 the fair value of the embedded derivative is measured using significant unobservable inputs (Level 3 hierarchy). There has been no change in the Group's valuation process, valuation techniques and types of inputs used in the fair value measurement at the end of the reporting period in comparison to the methodology upon inception. There have been no transfers between levels of fair value hierarchy during the period ended 30 June 2025.

Refer to note 25 for further information on financial instruments including significant unobservable inputs (Level 3 hierarchy).

**Note 25. Fair value measurement**

*Fair value hierarchy*

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

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

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

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2025</b>				
<i>Assets</i>				
Listed shares	35	-	-	35
Total assets	35	-	-	35
<i>Liabilities</i>				
Convertible notes - embedded derivative	-	-	269	269
Total liabilities	-	-	269	269
<b>2024</b>				
<i>Assets</i>				
Listed shares	31	-	-	31
Total assets	31	-	-	31
<i>Liabilities</i>				
Convertible notes - embedded derivative	-	-	61	61
Total liabilities	-	-	61	61

At inception in March 2025 the fair value of the execution date Special Purchase convertible note derivatives was \$0.21 million (2024: \$0.06 million).

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

The sensitivity analysis undertaken on the unobservable inputs identified no material impact to the valuation at 30 June 2025.

There were no transfers between levels during the financial year.

**Note 25. Fair value measurement (continued)**

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.

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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



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Doug Rathbone  
Chairman

25 September 2025

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## 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 ("Group"), which comprises the consolidated statement of financial position as at 30 June 2025, 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 2025 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 1 – Material Uncertainty Related to Going Concern

We draw attention to Note 2 and Note 11 of the financial report, which states that the Group has incurred net losses for the year ended 30 June 2025 of \$22.33 million (30 June 2024: \$51.13 million), a net current asset deficiency of \$71.34 million as at 30 June 2025 (30 June 2024: \$61.98 million), a net asset deficiency of \$2.78 million (30 June 2024: net asset surplus \$13.92 million), and has a net cash outflow from operating activities of \$9.64 million for the year ended 30 June 2025 (30 June 2024: \$15.19 million) and that the Working Capital facility as well as the Construction facility mature on 30 September 2025.

These conditions give rise to a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have extensively considered the following factors in assessing the appropriateness and uncertainty of the Group's going concern assumption:

#### Refinancing of borrowings

The Group is currently in the process of refinancing its borrowings outlined in Note 11. The refinance contemplates a major restructure of its debt position with its primary lender, and in addition, is also expected to contribute towards its working capital requirements. In order to achieve successful re-negotiations with its primary lender, the Group is required to obtain replacement financing.

The Group is currently in the process of refinancing its borrowings outlined in Note 11. The proposed refinancing involves a significant restructuring of the Group's debt arrangements with its primary lenders, the establishment of a new debt facility, and an equity raise. The Group is actively engaged in discussions with several private credit funds regarding the new debt facility. As at the date of this report, no formal agreements have been entered into, and therefore the terms and conditions of all borrowings remain as per current agreements and as outlined in Note 11.

Based on the progress made to date and the nature of ongoing discussions, the Directors are confident in achieving a successful outcome. They anticipate completing the refinancing within the next three months, including securing an extension of the current borrowings beyond their existing maturity date of 30 September 2025 to allow for the refinancing to be completed.

#### Equity

The Company has a history of successfully raising capital from the equity markets, having raised a total of \$2.97 million this financial year (30 Jun 2024: \$4.46 million). These raises have been well supported by both existing shareholders (via Rights Issues) and new shareholders (via private placement). The Company has existing relationships with broker(s) who are readily available to assist should the Company decide to pursue further equity raisings.

#### Cashflows from operations

The Group has made material improvements in its operating cash flows over the past several years, and these positive trends are expected to continue as the Group's products gain market share. More specifically, operating cash flows have gone from negative \$22.8 million for FY23 to \$9.64 million in FY25, a 58% improvement over the past two financial years.

This improvement, which is expected to continue, has been underpinned by the following:

- Significant reduction in operating expenditures, which have been reduced by 35% YOY.
- Increase in dried flower production of 35% YOY, resulting in more product available for sale
- Increase in revenues from leading product (Botanitech Flower) of 100% YOY
- Increase in revenues from bulk flower sales as production increases
- Reduction in cost of sales and increased gross margins as the economies of scale are realised
- Refinance of borrowings which is expected to result in a material reduction to interest costs.

Cashflow forecasts for the next 12 months from the date of this report

The Directors have reviewed the Group's cash flow forecasts that indicate that the Consolidated Group will have sufficient cash flows to meet its commitments for a period of at least 12 months from the date of this report. This forecast takes into account the newly reset cost-base of the Group, growth of the Botanitech product range, and assumes the refinancing of borrowings as described above is successful.

Based on the factors described above, the Directors are satisfied that the going concern basis of preparation is appropriate. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

As stated in Note 2, these events or conditions, and significantly, the refinancing of the borrowings with the Group’s primary lender along with the other matters detailed in the note, indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. If these events or conditions are not completed, and within the timeframes and terms forecast by the Directors, whether the Group remains a going concern, and therefore realise its assets and settle its liabilities in the ordinary course of business is uncertain.

Our opinion is not modified in respect of this matter.

**Emphasis of Matter 2 – Carrying Value of Property, Plant and Equipment**

We draw attention to Note 3 - *Key judgments – impairment of property, plant and equipment*, of the financial statements, which states that the directors conducted a fair valuation assessment on the property, plant and equipment held at the Group's Mildura facility. The valuation approach employed was based upon a discounted cash flow model. The recoverable amount was based on value-in-use.

Should the key assumptions not be achieved, or within the timeframe forecasted, then the value-in-use of the entire asset class may not hold and be subject to 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
<p><b>Impairment of property, plant and equipment</b> As disclosed in Note 9, as at 30 June 2025, the Group has recorded the property, plant and equipment of a carrying value at \$69 million.</p> <p>The directors have performed an impairment assessment on the PPE of the entity in accordance with AASB 136 Impairment of Assets. The recoverable amount was estimated using a discounted cash flow (DCF) model based on budgeted revenues, operating costs, and discount rates derived from observable market inputs.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Examining the impairment assessment and the key inputs and assumptions set out by the directors in deriving their assessment, including the appropriateness of the discount rate applied in the model; and</li> <li>• Sensitivity testing for the model for changes in key non-market inputs applied in the impairment assessment</li> </ul>

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<p>The assessment by management concluded that no impairment is required. Due to forecasts containing inherent uncertainties, sensitivity analyses were performed.</p>	
<p><b>Valuation of the variable conversion option included in convertible notes</b></p> <p>As disclosed in Note 24, convertible notes with a carrying value of \$693K, which includes both the host liability and the derivative portion were outstanding as at 30 June 2025. The settlement of these notes is at the discretion of the note holder, with a revised fair value being performed for the derivative component as at that date.</p> <p>Due to the complexity of assessing the contractual terms of notes and assessing the reasonableness of fair value inputs and technique, this was considered a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Examining the contractual terms of convertible notes including assessment of the conversion terms;</li> <li>• Agreeing to relevant supporting evidence of the cash received from the issue of convertible notes, and the subsequent issuance of shares to note holders;</li> <li>• Obtaining and assessing the reasonableness of the fair value measurement of the embedded derivative contained within the convertible notes at issuance date and subsequently at balance date;</li> <li>• Assessing the competence and qualification of management's external expert who performed the fair value;</li> <li>• Assessing the reasonableness of presentation and disclosure in the group financial statements with respect to the convertible notes.</li> </ul>
<p><b>Inventory</b></p> <p>As disclosed in Note 8, the Group has a total of \$4.34 million inventories in its statement of financial position.</p> <p>The Group's inventory primary consists of biomass and finished goods which are held at lower of cost or net realisable value.</p> <p>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.</p> <p>As such this matter has been determined as a key area of focus for our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Performing inventory verification procedures in respect of inventory held at the Mildura facility;</li> <li>• Evaluating management's judgements and assumptions used in calculation cost per gram of biomass;</li> <li>• Verifying that the carrying value of inventory has been calculated appropriately including verification of sales to third party to supporting documentation; and</li> <li>• Evaluating management's judgements and assumptions used in determining the inventory write down recorded during the year.</li> <li>• We have also assessed the adequacy of disclosures in relation to inventory in the financial report</li> </ul>

**Other Matter**

The financial report of the Group, for the year ended 30 June 2024, was audited by another auditor who expressed an unmodified opinion on those reports on 30 August 2024.

## 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 2025 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 :

- a. 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
- b. 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 2025 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 pages 16 to 22 of the directors' report for the financial year ended 30 June 2025.

In our opinion the Remuneration Report of CANN Group Limited for the financial year ended 30 June 2025, 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.

*Connect National Audit*

### **CONNECT NATIONAL AUDIT PTY LTD**

Authorised Audit Company No. 521888

**George Georgiou FCA**

**MANAGING DIRECTOR**

Dated: 26 September 2025

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# CORPORATE GOVERNANCE STATEMENT

## For the year ended 30 June 2025

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 2025 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.canngrouplimited.com](http://www.canngrouplimited.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.canngrouplimited.com](http://www.canngrouplimited.com).

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## ASX Additional Information

### Equity security holders

As at 19 September 2025, the Company had 663,613,602 ordinary shares on issue. Further details of the Company's equity securities are as follows:

Rank	Name	18 Sep 2025	%IC
1	ADSD SOODIN HOLDINGS PTY LTD	17,721,490	2.67
2	EIGHTEEN HOLDINGS PTY LTD	15,098,561	2.28
3	MR PHILIP JACOBSEN & MRS MAXINE JACOBSEN	13,892,674	2.09
4	RYAN PRUE PTY LTD	13,614,888	2.05
5	CITICORP NOMINEES PTY LIMITED	8,008,436	1.21
6	MR RYAN PRUE	7,125,000	1.07
7	T R SAMUELS TRANSPORT PTY LIMITED	7,043,306	1.06
8	MULLACAM PTY LTD	6,779,975	1.02
9	MR XUELONG SUN	6,777,414	1.02
10	MR JIASHUN YANG	6,530,000	0.98
11	MR RYAN PRUE	6,050,000	0.91
12	FLAG CAPITAL PTY LTD	5,876,453	0.89
13	MRS ROSITA XIN ANG	5,500,000	0.83
14	MR IVOR WILLIAM VAN DER SLUYS	5,250,000	0.79
15	RYAN PRUE PTY LTD	4,835,112	0.73
16	MR CHRISTOPHER JOHN PAGE	4,750,000	0.72
17	SUPERNOVA FUND PTY LTD	4,341,363	0.65
18	INVIA CUSTODIAN PTY LIMITED	4,100,000	0.62
19	MR JARROD PAUL AMIGUET	3,860,696	0.58
20	OBSIDIAN GLOBAL GP LLC	3,849,000	0.58
<b>Total</b>		<b>151,004,368</b>	<b>22.75</b>
<b>Balance of register</b>		<b>512,609,234</b>	<b>77.25</b>
<b>Grand total</b>		<b>663,613,602</b>	<b>100.00</b>

### Distribution of equity holders

Range	Securities	%	No. of holders
100,001 and Over	479,672,312	72.28	901
10,001 to 100,000	138,350,290	20.85	4,178
5,001 to 10,000	20,192,540	3.04	2,663
1,001 to 5,000	21,754,903	3.28	8,555
1 to 1,000	3,643,557	0.55	6,800
<b>Total</b>	<b>663,613,602</b>	<b>100.00</b>	<b>23,097</b>

### Unmarketable parcels

The number of investors holding less than a marketable parcel of \$500 is 21,205 and they hold 114,254,579 securities.

## Distribution of Options and Performance Rights

Range	Securities	%	No. of holders
100,001 and Over	51,424,403	87%	298
10,001 to 100,000	6,254,377	11%	240
5,001 to 10,000	761,993	1%	100
1,001 to 5,000	611,473	1%	209
1 to 1,000	123,503	0%	61
<b>Total</b>	<b>59,175,749</b>	<b>100%</b>	<b>908</b>

### 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.

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# CORPORATE DIRECTORY

## **Directors**

Doug Rathbone , Chairman  
Jenni Pilcher, Managing Director & CEO  
Peter Kopanidis, Non-executive Director

## **Auditors**

Connect National Audit  
North Building Level 3  
333 Collins Street  
Melbourne, Victoria 3000

## **Company Secretary**

Steven Notaro

## **Chief Executive Officer**

Jenni Pilcher

## **Registered Office**

23 Greentek Court  
Koorlong, Victoria 3501  
Phone: 03 9095 7088  
Email: [contact@canngrouplimited.com](mailto:contact@canngrouplimited.com)  
Website: [www.canngrouplimited.com](http://www.canngrouplimited.com)

## **Share Registry**

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

## **ASX Listing**

(ASX:CAN)

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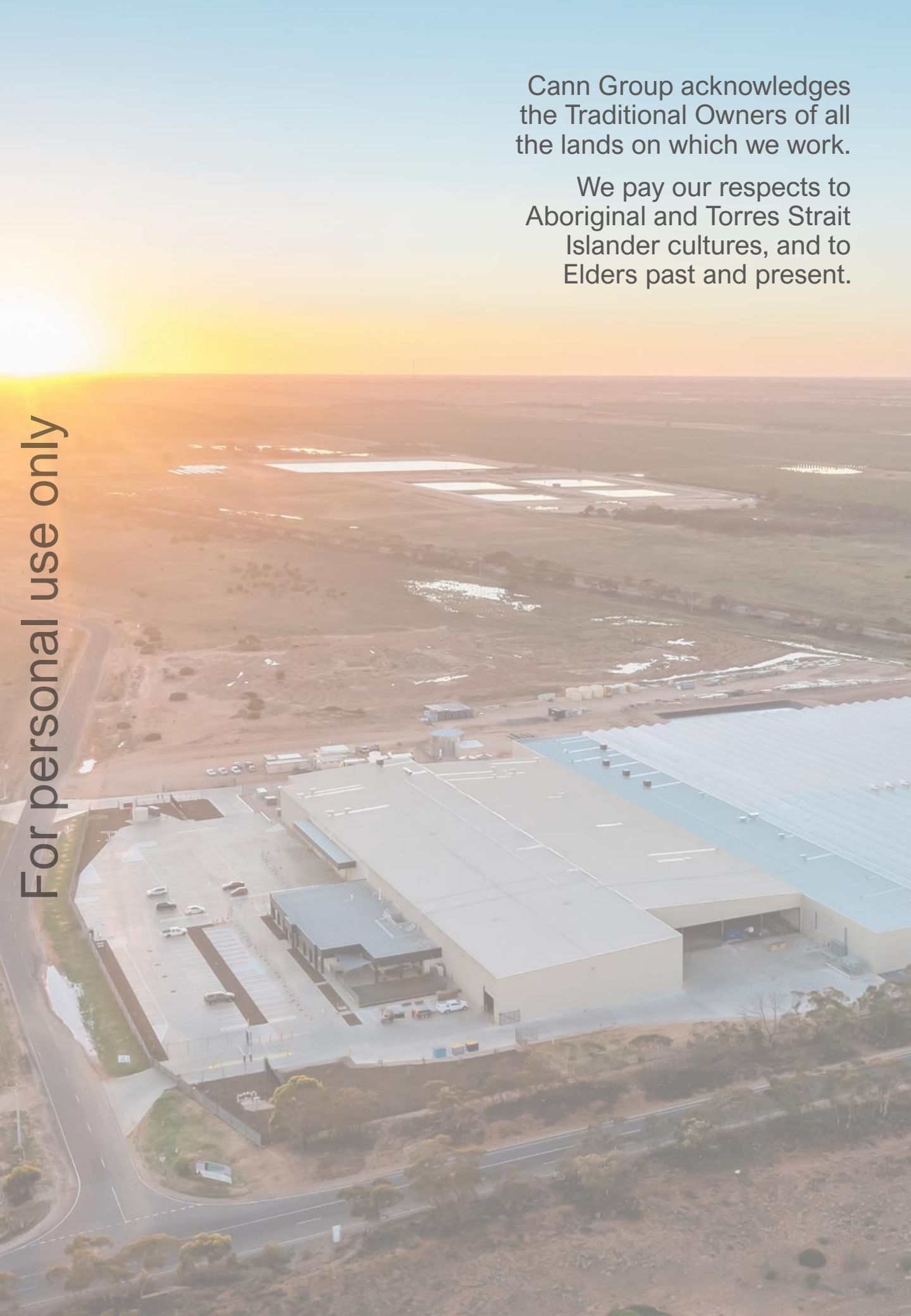
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Cann Group acknowledges  
the Traditional Owners of all  
the lands on which we work.

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

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