



AusCann Group Holdings Ltd
ABN 72 008 095 207

Annual Financial Statements

30 June 2024

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AUSCANN GROUP HOLDINGS LTD

ABN 72 008 095 207

COMPANY INFORMATION

DIRECTORS

Mr Andrew Chapman
Mr Robert Clifford
Mr Piers Lewis

COMPANY SECRETARIES

Mr James Brown

REGISTERED OFFICE

1202 Hay Street
West Perth
WA 6005

WEBSITE

<https://auscann.com.au/>

AUDITORS

Hall Chadwick Audit (WA) Pty Ltd
283 Rokeby Road
Subiaco
WA 6008

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

SECURITIES EXCHANGE

Australian Securities Exchange Ltd

ASX CODE

AC8

AUSCANN GROUP HOLDINGS LTD

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024

The Directors present their report together with the financial statements of AusCann Group Holdings Ltd ("the Company" or "AusCann") and its controlled entities (collectively "the consolidated entity") for the year ended 30 June 2024.

Directors

The following persons were directors of the Company during the financial year and up to the date of this report, unless otherwise stated:

Mr Robert Clifford	Appointed 1 April 2021
Mr Andrew Chapman	Appointed 1 December 2023
Mr Piers Lewis	Appointed 11 June 2024
Mr Brett Mitchell	Resigned 10 June 2024
Mr Tod McGrouther	Resigned 1 December 2023

Information on Directors

Name: Andrew Chapman

Title: Independent Non-Executive Chairman (appointed 1 December 2023)

Experience and expertise: Mr Chapman is a founder and director of Merchant Group Pty Ltd, a Perth based private wealth and fund manager. Post a 15-year career in stockbroking, Merchant Group Pty Ltd and Merchant Funds Management Pty Ltd was established by Mr Chapman in November 2011 and currently manages over \$250m in assets. Mr Chapman has been involved in the founding, financing and management of both private and publicly listed companies, including the first Australian listed medical cannabis company. Merchant Funds Management Pty Ltd is a substantial shareholder of Auscann. Mr Chapman is a Non-executive Director of European Cannabis Corporation Limited ('Eurocann'). Eurocann is an Australian, unlisted public company which owns 100% of HAPA Pharm in Germany. Eurocann, through HAPA Pharm, has been an early mover in the European Cannabis market with EUGMP certification for the cultivation, extraction, and manufacture of medicinal cannabis products.

Directorships held in other listed entities: N/A

Interests in shares and other equity: Nil

Name: Robert Clifford

Title: Executive director

Experience and expertise: For over 25 years, Mr Clifford has been at the forefront of Australia and New Zealand's food and beverage industry. An industry professional and expert in food and destination development. Mr Clifford has extensive experience in developing new concepts for a wide range of markets. Beginning his career in hospitality with the Hyatt International Hotels and Resorts, Mr Clifford has held various executive management positions in Perth, Canberra and Macau. Mr Clifford was the Perth Convention Exhibition Centre's Chief Executive Officer before moving to Melbourne, where he led Australia's largest catering brand, EPICURE. Mr Clifford established Alto Cibus Consulting in 2015, providing business strategy to a range of private sector businesses and government bodies. Mr Clifford holds several board positions in listed companies, not for profit and start-up companies. Mr Clifford was privileged to open the Dublin office for the Irish Australian Chamber of Commerce during his

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tenure as president. He is an active member of the Irish Australian community with involvement in trade negotiations.

Directorships held in other listed entities Mr Clifford is a director of CannPal Animal Therapeutics Limited (ASX:CP1), which was acquired by the Company on 18 March 2021 and subsequently delisted from the ASX.

Interests in shares and other equity: 624,380 fully paid ordinary shares

Name: Piers Lewis

Title: Independent Non-Executive Director (appointed 10 June 2024)

Experience and expertise: Piers has over 25 years corporate advisory experience with various ASX and AIM listed companies and is a fellow of the Governance Institute of Australia. In 2001 Piers qualified as a Chartered Accountant with Deloitte (Perth) and brings to our clients extensive and diverse financial and corporate experience from previous senior management roles with Credit Suisse (London); Mizuho International, ABN Amro and NAB Capital.

Directorships held in other listed entities: Piers is a Non-Executive Director of Noronex Limited, OD6 Metals Limited and Chairman of Aurumin Limited.

Interests in shares and other equity: Nil

Name: Tod McGrouther

Title: Independent Non-Executive Chairman (resigned 1 December 2023)

Qualifications: BA Law (Hons), BA Fin (Hons), Dip Fin

Experience and expertise: Mr Tod McGrouther has over 35 years' experience in the Australian capital markets primarily in the areas of equity capital markets and corporate advisory. Mr McGrouther Holds a Bachelor of Laws (First Class Honours and University Medal) from the University of Sydney and a Bachelor of Finance (First Class Honours and University Medal) from the University of New South Wales. He also holds a Diploma in Finance from the Securities Institute of Australia.

Between 1986 and 1994 Mr McGrouther was an Associate Director of Bankers Trust Australia Limited where he was involved in a number merger and acquisition advisory and float advisory assignments including the float of the Commonwealth Bank and the float of Woolworths. Between 1994 and 1998 he was a Director of Prudential Bache Securities Australia Limited where he was involved in a number of initial public offerings. From 1998 until the present Mr McGrouther is a principal of equity capital markets firm KTM Capital. Over this period KTM has raised over \$500 million in equity and completed over 150 equity capital assignments for a range of Australian technology and resource companies.

Since 2018 Mr McGrouther has been a Director of European Cannabis Corporation Limited ("ECC"), an Australian company which has built and operates a German EU GMP certified medicinal cannabis growth facility located in Spanchevo, Macedonia. ECC has also built and operates a German EU GMP certified medicinal cannabis extraction facility located in Skope, Macedonia. ECC also holds all relevant licenses

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and approvals to operate a pharmaceutical distribution business in Dortmund, Germany.

Directorships held in other listed entities: Mr McGrouther is currently a Non-Executive Director of three ASX listed companies - NSX Limited, Urbanise Limited and Love Group Limited. Mr McGrouther is also Chairman of The National Stock Exchange of Australia Limited a subsidiary of NSX Limited.

Interests in shares and other equity: Nil

Name: Brett Mitchell

Title: Independent Non-Executive (Resigned 10 June 2024)

Qualifications: BA Economics

Experience and expertise: Mr Mitchell is a corporate finance executive with over 25 years of experience in the venture capital and equity capital markets, on transactions in the natural resources, technology and life sciences sectors. He has been involved in the founding, financing and management of both private and publicly-listed companies, including the first LSE listed medical cannabis company – MGC Pharmaceuticals Ltd (MXC), Australian Lithium developer Delta Lithium Ltd (DLI) and private medical cannabis company Levin Health Limited. Mr Mitchell is also the founder and director of Chieftain Securities Pty Ltd, a Perth based specialist Corporate Advisory and ECM firm. He is currently a non-executive director at Uvre Limited (ASX:UVA).

Directorships held in other listed entities: Uvre Limited (ASX:UVA).

Interests in shares and other equity: Nil

Company Secretary

Mr James Brown (appointed 14 November 2025)

James is a Chartered Accountant with over 10 years of financial reporting, accounting, advisory and auditing experience. James provides a range of services, including financial reporting and compliance, management reporting and company secretary services. He previously worked as an audit manager for 4 years with a client base consisting of ASX listed companies and several large private companies. James holds a Bachelor of Commerce degree from Edith Cowan and is an associate member of the Chartered Accountants Australia and New Zealand.

Ms Kristi Bryson (appointed 7 August 2025, resigned 14 November 2025)

Kristi is a Corporate Advisory Executive at SmallCap Corporate. Since beginning her career in stockbroking in 2010, she has developed expertise in operations, institutional sales and corporate finance. Kristi holds a Bachelor of Business (Accounting), a Bachelor of Science (Mathematics), and a Graduate Diploma in Cyber Security.

Mr Chris Mews (appointed 16 May 2024, resigned 7 August 2025)

Mr Mews is currently the Chief Financial Officer and Company Secretary of Merchant Group Pty Ltd, a Perth based financial services firm that provides funds management and corporate finance services, with investment experience both in Australia and internationally in the medical cannabis sector. Prior to Merchant Group, he was the Chief Financial Officer and Company Secretary of listed biotech Company Polynovo Limited (ASX:PNV) and is currently Non-Executive Director of Cycloq Group Limited (ASX:CYQ).

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024

Rachel Kerr (appointed 1 January 2024, resigned 16 May 2024)

Mrs Kerr is a highly experienced Company Secretary within both the private and public sectors with over 10 years' experience managing the compliance of ASX listed companies, corporate acquisitions, capital raisings, IPO's (ASX & LSE) and due diligence reviews.

Susan Park (BCom, ACA, F Fin, FGIA, FCG, GAICD) (resigned 1 January 2024)

Ms Park has over 25 years' experience in the corporate finance industry. She is founder and managing director of consulting firm Park Advisory Pty Ltd, which specialises in the provision of corporate governance and company secretarial advice to ASX listed companies, and has previously held senior management roles at Ernst & Young, PricewaterhouseCoopers and Bankwest, both in Perth and Sydney.

Board Meetings

Director	Directors' Meetings	
	Meetings held whilst in office	Attended
Tod McGrouther	2	-
Andrew Chapman	1	1
Robert Clifford	3	3
Brett Michell	3	3
Piers Lewis	-	-

The full Board acted in the capacity and under the adopted Charter of the Remuneration and Nomination Committee during the financial year.

The full Board acted in the capacity and under the adopted Charters of the Audit and Risk Committee during the financial year.

State of Affairs

There were no other significant changes in the state of affairs of the consolidated entity during the financial year, other than those discussed already in the financial report and elsewhere in this Directors' Report.

Principal Activities

AusCann's principal activity has been to develop a differentiated portfolio of innovative and standardised cannabinoid-based medicines that expands the therapeutic applications of cannabis, offering both people and pets greater benefit for the treatment of inadequately met medical needs.

On 17 May 2024 the Company announced its intention to merge with European based cannabis manufacturer ECC Pharm, subject to the execution of a binding scheme implementation deed. The Company has signed a non-binding term sheet to acquire 100% of the shares in ECCPharm Limited (ECCPharm) (formerly European Cannabis Corporation Ltd) in script, on a 1:1 ratio by way of a scheme of arrangement pursuant to Part 5.1 of the Corporations Act 2001 (Cth).

ECCPharm and its 100% owned subsidiaries; ECCPharm DOOEL and RH Pharma hold all licences for the production and sale of medical cannabis into Europe and operate a fully integrated German GMP cannabis cultivation and extraction facilities that it has built in Macedonia over the past 5 years.

AusCann has funded the ECCPharm business for the last 2 years via a secured loan arrangement with a view to potentially acquire the business.

The German government passed new legislation on April 1st, 2024. This resulted in the path and regulatory environment being clear for ECCPharm to scale up to meet the large medical cannabis demand anticipated from Germany, and broader Europe.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024

Operating Results and Financial Position

The profit of the consolidated entity for the financial year was \$728,567 (2023: loss \$10,918,706).

The net cash used in operating activities during the year reduced significantly during the year, resulting in a net inflow of \$150,455 (2023: a net outflow of \$3,327,872).

Research and development expenses reduced significantly to \$56,614 from \$489,742 in the prior year, when it accounted for 13% of the Company's net cash operating outflows for the financial year and related to core revenue generating activities for the Company's lead medicinal cannabis programs.

Total income for the Company decreased significantly from \$2,170,144 in the prior year to \$1,120,363 in the year ended 30 June 2024. The Company's principal source of income during the year was interest income, the increase in interest income being mainly due to the increase in loans to European Cannabis Corporation during the year.

AusCann remains well funded with net cash of \$2,226,494 (2023: \$7,009,891) as at 30 June 2024.

REVIEW OF OPERATIONS

The AusCann Group Holdings consolidated entity (AusCann) is pleased to report on the key highlights for the year ended 30 June 2024.

Strategic Agreement with EuroCann

During the 2022 financial year the Company announced that it had entered into a binding term sheet with European Cannabis Corporation Ltd ('Eurocann') to explore mutual opportunities in the European and Australian cannabis markets.

During the 2023 Financial Year AusCann secured \$2.2 million in stock under its arrangement with European Cannabis Corporation Ltd ('ECC').

AusCann becomes the exclusive agent for ECC's HAPA products in AU/NZ. This includes a diverse cannabinoid product portfolio of raw flower and standardised full spectrum extracts. ECC manufactures all medicinal products under German EU GMP licensed conditions.

ECC's product range to be sold and distributed by AusCann under the collaboration is as follows:

THC/CBD cannabis flowers

(Cannabis Flos, raw Cannabis Sativ L. flower)

All cannabis flowers in the product portfolio have been optimized over years – maximum cannabinoid concentration, steady and secure supply throughout the year, stable active ingredient concentration and long shelf life characterise HAPA pharm's pharmaceutical cannabis flowers.

Full spectrum CBD extracts

(< 0,2% THC)

HAPA pharm has been producing full-spectrum CBD extracts based on medicinal cannabis flowers for many years. The gentle manufacturing process ensures an incomparable cannabinoid profile without the use of THC-minimizing processes (e.g. distillation for broad-spectrum extracts) or additives such as CBD isolates. Many CBD brands swear by HAPA pharms' unique quality and high cannabinoid and terpene concentration. HAPA Pharm have numerous CBD extracts on offer with CBD concentrations ranging from very low concentrations (< 2%) to well over 25%.

THC/CBD Full Spectrum Extracts

(Many concentration forms & individualized production)

Full spectrum extracts from HAPA pharm are suitable for many applications in cannabinoid medicine. In contrast to medicinal cannabis flowers, extracts can be taken orally. Thus, they often have a longer and more constant effect, and the dosage is simplified. Standardized extracts are therefore an indispensable form of cannabinoid medicine⁸.

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ECC will also provide AusCann with all necessary regulatory support for the products supplied, including documentation required to satisfy compliance with Therapeutic Goods (Standard for Medicinal Cannabis) (TGO 93) Order 201.

AusCann announced an expansion to this agreement aimed to exploit opportunities of mutual interest to both companies, as AusCann grants ECC the exclusive licence to its self-emulsifying drug delivery technology (SEDDS), in its current form, for Europe. This will allow ECC to develop a standardised dosage form of cannabis products for commercialisation in Germany.

The Company undertook an independent review of the loan facility that was in place with European Cannabis Corporation Limited (ECC) and its subsidiary HAPA Pharm BV during the year. Following the review, a new facility was put in place providing additional security as collateral for the \$8,050,000 facility. The interest rate remains at 10%, in line with the original agreement.

The repayment schedule remains consistent with the original agreement, being a \$1,000,000 capital repayment at the first and second anniversary of the original agreement, and the balance of the principal and the interest due on the third anniversary of the agreement being 30 June 2025. ECC is in compliance with the first two repayments with the balance due on 30 June 2025.

In addition, AusCann has subscribed for \$1,250,000 of convertible notes pursuant to a new secured Convertible Note Deed and has provided ECC with a total of \$1,250,000 through this arrangement.

In December 2023, the Company provided a further \$1,600,000 (€1m) in working capital to ECC under the secured loan agreement. The funding has been used for capital expenditure and general working capital of the ECC and HAPA group of companies towards the commercialisation of medicinal cannabis products specifically for the German and European medical cannabis markets, and to supply into global markets on the right commercial terms. The loan agreement, which had a repayment date of 31 March 2024 and an interest rate of 7.5%, included security as collateral.

AusCann holds security as collateral for the expanded \$9,650,000 secured loan facility. ECC have made repayments of \$2 million since the inception of the loan which is in excess of the current repayment requirement of \$1 million.

Outlook

2024 was a landmark period with the change in Germany's Narcotic Drugs Act (BTMG). This legislative change could dramatically reshape the medical cannabis landscape in Germany, offering new opportunities and challenges. In preparation for this, HAPA pharm is developing a new strain of medical cannabis, tailored to thrive under the new regulatory framework. This strategic development aims to reinforce our strong market presence and capitalize on the evolving market dynamics, ensuring that ECCPharm remains at the forefront of the industry.

It is expected that HAPA pharm will commence selling product in Poland, a move that highlights ECCPharm's ongoing commitment to unlocking significant sales channels via European expansion. By entering the Polish market, HAPA pharm aim to bring their high-quality medical cannabis products to a new audience, demonstrating our commitment to making these products accessible in emerging markets. This expansion is not just a geographical growth, but a strategic step in reinforcing ECCPharm's position as a leader in the European medical cannabis industry. ECCPharm believes that their entry into Poland will not only benefit patients in need of high-quality medical cannabis but also strengthen their position as an innovative and trusted provider in the European market.

CannPal Animal Therapeutics Limited

AusCann divested 52% of CannPal to remove the cost burden from AusCann while retaining a significant interest in CannPal as it progressed through its R&D activities and potentially to commercialisation. This

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strategy has reduced costs to AusCann while also allowing CannPal to continue progressing through development and commercialisation activities.

CannPal is in the late stages of negotiations relating to a co-development and commercialisation agreement with a major animal health Company following the completion of a long due diligence and review process. During the final quarter of FY24 these discussions progressed to a non-binding letter of intent, and CannPal intends on finalising a definitive agreement in the second half of 2024.

Dividends

No dividends were paid or declared during the year (2023: nil).

Events Subsequent to Reporting Date

The Company was removed from the ASX Official Listing on 29 August 2024.

On 17 February 2025 a Debt to Equity Conversion agreement was signed, resulting in AusCann receiving 388,873,267 Fully Paid Ordinary Shares being issued between April 2025, and August 2025. This settled all debt owing from ECC.

The consolidated entity has signed a binding agreement with Argent Biopharma Limited (ASX:RGT) for a streamlined transaction divesting its 48% equity interest in CannPal for \$2m in RGT shares at a price of 10c per RGT share.

There were no other events occurring subsequent to the end of the financial year that have significant affected, or may significantly affect, the operations of the consolidated entity in subsequent financial years.

Indemnification and Insurance of Officers and Auditors

The consolidated entity has indemnified the directors and executives of the consolidated entity for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the directors and executives of the consolidated entity against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The consolidated entity has not indemnified the auditor nor paid a premium to insure the auditor against any such liability.

Share Options and Rights

No unissued ordinary shares of the Company under option at the date of this report.

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

Nil (2023: Nil) shares were issued on exercise of options at various times during the year ended 30 June 2024. No ordinary shares were issued on the conversion of performance shares and rights during the years ended 30 June 2024 and 30 June 2023.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024

Corporate Governance

The Board of AusCann has responsibility for corporate governance for the Company and its subsidiaries and has implemented policies, procedures and systems of control with the intent of providing a strong framework and practical means for ensuring good governance outcomes which meet the expectations of all stakeholders.

The consolidated entity's corporate governance policies are outlined on its website at <https://auscann.com.au/investors/corporate-governance/>

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.

Auditor

Hall Chadwick Audit (WA) Pty Ltd have been appointed as auditors in accordance with the *Corporations Act 2001*.

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



Andrew Chapman
Chairman

19 January 2026

To the Board of Directors,

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

As lead audit director for the audit of the financial statements of AusCann Group Holdings Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully



HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF FCA
Director

Dated this 19th day of January 2026
Perth, Western Australia

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Sales		-	-
Less: Cost of goods sold		(10,045)	-
Net Sales Expense		(10,045)	-
Government grants	2	-	1,248,972
Rental income		-	302,193
Interest revenue		1,057,907	618,979
Other income		62,456	-
Total Income		1,110,318	2,170,144
Employee benefits expense	2(i)	(115,361)	(680,128)
Consulting fees	16, 2(ii)	(276,592)	(236,992)
Research and development (direct costs)	2(iii)	(56,614)	(489,742)
Depreciation and amortisation	2(iv)	(251)	(182,469)
Fair value loss in investment property		-	(322,785)
Impairment of related party loans and deposits	16	-	(9,615,462)
Other expenses	2(v)	(765,058)	(1,343,085)
Gain/(Loss) on disposal of assets		236,982	-
Total Expenses		(976,893)	(12,870,663)
Profit / (Loss) Before Tax from Continuing Operations		133,425	(10,700,519)
Income tax benefit	3	595,142	-
Profit / (Loss) After Tax from Continuing Operations		728,567	(10,700,519)
Loss after income tax expense from discontinued operations	8	-	(218,187)
Net Profit / (Loss) After Tax for the Year		728,567	(10,918,706)
Other comprehensive income, net of tax		-	-
Total Comprehensive Income / (Loss) for the Year		728,567	(10,918,706)
Profit / (Loss) per Share from Continuing Operations			
Basic and diluted profit / (loss) per share (cents)	4	0.17	(2.43)
Profit / (Loss) per share from Continuing and Discontinued Operations			
Basic and diluted profit / (loss) per share (cents)	4	0.17	(2.48)

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

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	2024 \$	2023 \$
CURRENT ASSETS			
Cash and cash equivalents	6	2,226,494	7,009,891
Trade and other receivables	9	4,632,416	305,597
Other assets	10	1,251,002	1,036
Total Current Assets		8,109,912	7,316,524
NON-CURRENT ASSETS			
Property, plant and equipment	7	-	13,235
Total Non-Current Assets		-	13,235
Total Assets		8,109,912	7,329,759
CURRENT LIABILITIES			
Trade and other payables	11	199,481	141,436
Employee entitlements	12	-	6,459
Total Current Liabilities		199,481	147,895
Total Liabilities		199,481	147,895
NET ASSETS		7,910,431	7,181,864
EQUITY			
Issued capital	13	93,165,187	93,165,187
Reserves	14	54,882	54,882
Accumulated losses		(85,309,638)	(86,038,205)
TOTAL EQUITY		7,910,431	7,181,864

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

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

	Issued Capital \$	Share-Based Payments Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2023	93,165,187	54,882	(86,038,205)	7,181,864
Profit after tax for the period	-	-	728,567	728,567
Other comprehensive income for the period, net of tax	-	-	-	-
	-	-	728,567	728,567
Transactions with owners in their capacity as owners				
Share-based payments	-	-	-	-
Expired options	-	-	-	-
Balance at 30 June 2024	93,165,187	54,882	(85,309,638)	7,910,431
Balance at 1 July 2022	93,165,187	127,989	(75,138,720)	18,154,456
Loss after tax for the period	-	-	(10,918,706)	(10,918,706)
Other comprehensive income for the period, net of tax	-	-	-	-
	-	-	(10,918,706)	(10,918,706)
Transactions with owners in their capacity as owners				
Share-based payments	-	(53,886)	-	(53,886)
Expired options	-	(19,221)	19,221	-
Balance at 30 June 2023	93,165,187	54,882	(86,038,205)	7,181,864

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

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Interest received		397,136	3,517
Government grants and incentives		-	1,248,972
Receipts from customers		-	514,496
Receipt/(Payment) for deposit for stock	10	249,998	(2,250,000)
Payments to suppliers and employees		(496,679)	(2,844,857)
Net cash from / (used in) operating activities		150,455	(3,327,872)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of investment property		-	6,482,378
Proceed from transfer of DayaCann loan		254,623	-
Payments for convertible notes		(1,250,000)	-
Loans to European Cannabis Corporation	9	(3,938,475)	(4,750,000)
Repayment of loans to European Cannabis Corporation	9	-	3,000,000
Net cash outflows on sale of CannPal	8	-	(75,420)
Net cash (used in) / from investing activities		(4,933,852)	4,656,958
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		-	(35,836)
Net cash used in financing activities		-	(35,836)
Net (decrease) / increase in cash and cash equivalents		(4,783,397)	1,293,250
Cash and cash equivalents at the beginning of the financial year		7,009,891	5,716,641
Cash and cash equivalents at the end of the financial year	6	2,226,494	7,009,891

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES

These financial statements and notes represent those of AusCann Group Holdings Ltd (“the Company”) and its controlled entities (collectively “the consolidated entity”) for the year ended 30 June 2024.

AusCann Group Holdings Ltd is a company limited by shares incorporated and domiciled in Australia. The financial statements were authorised for issue in accordance with a resolution of directors on 19 January 2026. The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The consolidated entity’s principal activity during the financial year was to develop a differentiated portfolio of innovative and standardised cannabinoid-based medicines that expands the therapeutic applications of cannabis, offering both people and pets greater benefit for the treatment of inadequately met medical needs.

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*, as appropriate for ‘for-profit’ oriented entities. The consolidated financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial report is presented in Australian dollars, which is the consolidated entity’s functional and presentation currency. The financial statements have been prepared on an accruals basis and are based on historical costs, where applicable, except for the revaluation of financial assets and financial liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and certain classes of property, plant and equipment.

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 consolidated entity’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 1(s).

Going Concern Basis

The Directors believe it is appropriate to prepare the consolidated financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The consolidated entity made a profit of \$728,567 (2023: loss of \$10,700,519 from continuing operations and had cash inflows from operating activities of \$150,455 (2023: \$3,327,872 outflow). At 30 June 2024, the Group had cash and cash equivalents of \$2,226,494 (2023: \$7,009,891). The Group’s planned slowdown of operations, resulting in decreased revenue, raises a material uncertainty that casts significant doubt on the Group’s ability to continue as a going concern.

The consolidated entity’s ability to continue as a going concern and meet its obligations and commitments as and when they fall due and is dependent on its ability to ensure the continued implementation of its business plan.

The consolidated entity holds sufficient cash resources. In the opinion of the directors, this would enable the consolidated entity to carry on its activities and pay its debts in the normal course of its business. Accordingly, this financial report has been prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES (CONTINUED)**New or Revised Accounting Standards and Interpretations Adopted**

The consolidated entity has adopted all the new or revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new or revised Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

New and Revised Accounting Standards and Interpretations on Issue but Not Yet Effective

There are no standards that are not yet effective and that would be expected to have a material impact on the financial results or position of the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to the consolidated entity for all the years presented, unless otherwise stated:

(a) Revenue*Sale of Goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods.

Interest

Interest revenue is recognised on an accruals basis.

Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(b) Income Tax

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES (CONTINUED)**Accounting Policies (Continued)****(b) Income Tax (Continued)**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

(c) Goods and Services Tax (GST and Other Similar Taxes)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

(d) Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

(e) Other Receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(f) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES (CONTINUED)**Accounting Policies (Continued)****(f) Investments and other financial assets (Continued)***Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

(g) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Computer equipment	3 years
Furniture and fittings	3-5 years
Plant & equipment	3-5 years

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

(h) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Employee Benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at each reporting date, including related on-costs.

Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements. Consideration is given to expected future increases in wage and salary rates, including related on-costs and expected settlement dates based on turnover history.

Contributions are made by the consolidated entity to superannuation funds of each employee's choosing and are charged as expenses when incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES (CONTINUED)**Accounting Policies (Continued)****(j) Issued Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Impairment of Financial Assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(l) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES (CONTINUED)

Accounting Policies (Continued)

(m) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(o) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AusCann Group Holdings Ltd ("the Company" or "parent entity") as at 30 June 2024 and the results of its controlled entities for the year then ended. AusCann Group Holdings Ltd and its controlled entities together are referred to in these financial statements as the "consolidated entity".

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES (CONTINUED)**Accounting Policies (Continued)****(p) Right-of-Use Assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(q) Operating Segments and Segment Reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the chief operating decision makers. The chief operating decision makers are responsible for the allocation of resources to operating segments and assessing their performance. The chief operating decision makers have been identified as the Board of Directors of AusCann Group Holdings Ltd.

(r) Discontinued Operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

(s) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 1: MATERIAL ACCOUNTING POLICIES (CONTINUED)

Accounting Policies (Continued)

(s) Critical Accounting Estimates and Judgements (Continued)

Impairment of financial assets

The consolidated entity recognises an expected credit loss on financial assets based on the assessment of information available at each reporting period. If the credit risk has increased significantly then this is considered as part of the overall assessment for impairment.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 2: OTHER INCOME AND EXPENSES**

	2024	2023
	\$	\$
Government Grants		
Research and development grant incentive	-	1,224,372
Export market development grant	-	24,600
	-	1,248,972
Expenses		
Total expenses include the following specific expenses:		
(i) Employee Benefits		
Employee benefits expense	115,361	734,014
Share-based payment expense	-	(53,886)
	115,361	680,128
(ii) Consulting Fees		
Consulting fees	276,592	236,992
	276,592	236,992
(iii) Research and Development (Direct Costs)		
Raw materials	9,102	44,732
Contract manufacturing R&D	-	8,734
Consultants – R&D	8,511	145,221
Analytics	6,877	149,947
Site costs	2,124	10,232
Pharmaceutical development	30,000	130,876
	56,614	489,742
(iv) Depreciation and Amortisation		
Investment properties	-	137,215
Property, plant and equipment	251	10,493
Right of use assets	-	34,761
	251	182,469
(v) Other Expenses		
Occupancy expenses	-	3,740
Legal expenses	19,514	181,290
Travel and accommodation	42,785	73,778
Licenses and permits	-	1,122
Marketing	4,738	45,618
Corporate / administrative expenses	536,244	353,113
Other	161,777	684,424
	765,058	1,343,085

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 3: INCOME TAX EXPENSE**

	2024 \$	2023 \$
Reconciliation Between Tax Expense and Pre-Tax Profit		
Profit/(Loss) from continuing operations before tax	133,415	(10,700,519)
(Loss) from discontinued operations before tax	-	(218,187)
Total loss before tax	<u>133,415</u>	<u>(10,918,706)</u>
Income tax benefit calculated at 25% (2023: 25%)	33,357	(2,729,676)
<i>Adjusted for:</i>		
Research and development tax incentive not taxable	-	(306,093)
Other non-deductible expenses	2,402	37,361
Research and development tax incentive	(595,142)	
Tax losses and other deferred tax balances not recognised	(35,759)	2,998,408
Income tax benefit / (expense)	<u>(595,142)</u>	<u>-</u>

Deferred tax assets and liabilities have not been recognised in respect of the following:

Deferred tax assets

Business-related costs	18,311	139,323
Accrued expenses and payables	79,428	35,353
Provision for stock obsolescence	1,193,515	2,446,136
Provision for impairment of loans	2,186,009	
Investment in associates	2,080,132	
Fixed and intangible assets	-	-
Carry-forward revenue tax losses	8,084,256	8,145,598
Carry-forward capital losses	3,404,547	
Deferred tax assets not recognised	<u>(17,046,197)</u>	<u>(10,766,410)</u>
	-	-

Deferred tax liabilities

Accrued income	165,193	-
Prepayments	259	259
Deferred tax liabilities not recognised	<u>(165,452)</u>	<u>(259)</u>
	-	-

The tax benefits of the above deferred tax assets will only be obtained if:

- The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- The consolidated entity continues to comply with the conditions for deductibility imposed by law; and
- No changes in income tax legislation adversely affect the consolidated entity in utilising the benefits.

The consolidated entity chose to form a tax consolidated group as at 1 July 2017, as a result tax loss have been consolidated and tested for future carry forward amounts available.

As at 30 June 2024, carry forward tax losses arising in Australia are available indefinitely for offset against future taxable profits, subject to meeting eligibility criteria within the *Income Tax Assessment Act 1997*. Net deferred tax assets (net of deferred tax liabilities) have not been brought to account as it is not probable within the immediate future that taxable profits will be available against which the deferred tax assets could be recognised.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 4: EARNINGS PER SHARE

	2024 Cents	2023 Cents
Basic and Diluted Profit / (Loss) per Share (in Cents)		
From continuing operations	0.17	(2.43)
From discontinued operations	-	(0.05)
Total basic and diluted profit / (loss) per share	0.17	(2.48)

The earnings and weighted average number of ordinary shares used in the calculation of the basic and diluted earnings per share are as follows:

	2024 \$	2023 \$
Reconciliation of Profit / (Loss) Used in Calculating Profit / (Loss) per Share		
<i>Profit / (Loss) attributable to ordinary equity holders of the parent</i>		
From continuing operations	728,567	(10,700,519)
From discontinued operations	-	(218,187)
Net loss for the year	728,567	(10,918,706)

	2024 Number	2023 Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	440,547,110	440,547,110

No securities are currently classified as dilutive potential ordinary shares. All options and performance rights on issue are anti-dilutive since their inclusion would reduce the loss per share.

NOTE 5: SEGMENT DISCLOSURES

During the year, the consolidated entity operated in one business segment, being the research and development of medicinal cannabis in Australia.

This focus is consistent with the internal reports that are reviewed and used by the Board of Directors of AusCann Group Holdings Ltd (chief operating decision makers) in assessing performance and determining the allocation of resources.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 5: SEGMENT DISCLOSURES (CONTINUED)**

2024	Corporate \$	Medicinal Cannabis Research and Development \$	Total \$
Revenue			
Sales	-	-	-
Less: Cost of goods sold	-	(10,045)	(10,045)
Net Sales Expense from External Customers	-	(10,045)	(10,045)
Other income	-	2,165	2,165
Interest received	1,057,907	-	1,057,907
Total Revenue	1,057,907	(7,880)	1,050,027
Expenses			
Employee benefits expense	-	(165,360)	(165,360)
Consulting fees	-	(226,592)	(226,592)
Research and development (direct expenses)	-	(56,614)	(56,614)
Depreciation and amortisation	-	(251)	(251)
Loss on disposal of assets	-	236,982	236,982
Corporate, administration and other expenses	-	(765,058)	(765,058)
Total Expenses	-	(976,893)	(976,893)
Loss Before Income Tax	1,057,907	(984,773)	73,134
Income tax income	-	595,142	595,142
Loss After Income Tax	1,057,907	(389,631)	668,276
Assets			
Segment assets	8,109,912	-	8,109,912
Total Assets	8,109,912	-	8,109,912
Liabilities			
Segment liabilities	-	199,481	199,481
Total Liabilities	-	199,481	199,481

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 5: SEGMENT DISCLOSURES (CONTINUED)**

2023	Corporate \$	Medicinal Cannabis Research and Development \$	Discontinued Operations \$	Total \$
Revenue				
Sales	-	-	-	-
Less: Cost of goods sold	-	-	-	-
Net Sales Income from External Customers	-	-	-	-
Government Grants	-	1,248,972	-	1,248,972
Rental income	-	302,193	-	302,193
Interest received	618,979	-	-	618,979
Total Revenue	618,979	1,551,165	-	2,170,144
Expenses				
Loss on sale of investment property	-	322,785	-	322,785
Employee benefits expense	-	734,014	-	734,014
Share based payment expense - employees	(53,886)	-	-	(53,886)
Consulting fees	-	236,992	-	236,992
Research and development (direct expenses)	-	489,742	-	489,742
Depreciation and amortisation	6,617	175,852	-	182,469
Loss on sale of discontinued operations	-	-	218,187	218,187
Impairment of related party loans	-	9,615,462	-	9,615,462
Corporate, administration and other expenses	323	1,342,762	-	1,343,085
Total Expenses	(46,946)	12,917,609	218,187	13,088,850
Loss Before Income Tax	665,926	(11,366,444)	(218,187)	(10,918,706)
Income tax (expense)	-	-	-	-
Loss After Income Tax	665,926	(11,366,444)	(218,187)	(10,918,706)
Assets				
Segment assets	7,297,514	32,245	-	7,329,759
Total Assets	7,297,514	32,245	-	7,329,759
Liabilities				
Segment liabilities	-	147,895	-	147,895
Total Liabilities	-	147,895	-	147,895

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 6: CASH AND CASH EQUIVALENTS**

	2024	2023
	\$	\$
Cash at bank and in hand	976,494	7,009,891
Short-term debt investment	1,250,000	-
	<u>2,226,494</u>	<u>7,009,891</u>

NOTE 7: PLANT AND EQUIPMENT

Computer equipment at cost	40,730	40,730
Less: Accumulated depreciation	(37,704)	(37,646)
Less: Disposal	(3,026)	-
	<u>-</u>	<u>3,084</u>
Furniture and fittings at cost	90,087	90,087
Less: Accumulated depreciation	(81,307)	(81,137)
Less: Disposal	(8,780)	-
	<u>-</u>	<u>8,950</u>
Plant and equipment at cost	916,554	916,554
Less: Accumulated depreciation	(156,308)	(156,286)
Less: Impairment	(759,067)	(759,067)
Less: Disposal	(1,178)	-
	<u>-</u>	<u>1,201</u>
Total	<u>-</u>	<u>13,235</u>

Reconciliations

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

Consolidated	Computer Equipment	Furniture and Fittings	Plant and Equipment	Total
Balance at 30 June 2022	3,415	16,153	4,160	23,728
Additions	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
Depreciation expense	(331)	(7,203)	(2,959)	(10,493)
Balance at 30 June 2023	3,084	8,950	1,201	13,235
Additions	-	-	-	-
Disposals	(3,026)	(8,780)	(1,178)	(12,984)
Impairment	-	-	-	-
Depreciation expense	(58)	(170)	(23)	(251)
Balance at 30 June 2024	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 8: INTEREST IN ASSOCIATE, JOINT VENTURE AND DISCONTINUED OPERATIONS****(a) Investment in Associate**

	2024	2023
	\$	\$
Investment in associate	-	-
	-	-

On 10 March 2023, the Company entered into a share sale agreement with Animal Health Holdings Pty Ltd (AHH) to privatise its animal health business, CannPal Animal Therapeutics Pty Ltd (CannPal), by divesting 52% of its investment in CannPal to AHH.

AHH is a special purpose vehicle which will assume the responsibility for all current and future expenses for the development and commercialisation of the animal health assets of CannPal. AHH will be controlled by the Company's former management team. The Company has retained a 48% free-carried interest in CannPal and has no obligation to fund CannPal's operations. The Company retains the right to re-acquire the shares in CannPal upon the failure of CannPal to reach agreed development and commercialisation milestones.

As a result, on 10 March 2023, it was deemed that CannPal was no longer a subsidiary of the Group, but an investment in an associate. On this date, the assets and liabilities assets and liabilities of CannPal were derecognised and recognised as an investment in associate.

The Company fully impaired its investment in CannPal as at 30 June 2023.

The consolidated entity's interest in CannPal up to 10 March 2023 was reported in the prior period as a discontinued operation. Financial information relating to the discontinued operation for the prior period to the date of disposal is set out below:

	1 Jul 2022 To 10 Mar 2023 \$
(i) Financial Performance Information	
Associate Profit and Loss	
Net sales income	-
Government grants	-
Other income	1
Administration costs	(115,274)
Loss for the period	(115,273)
AusCann's share of CannPal's loss for the period	(115,273)
AusCann's share of CanPal's loss recognised in Auscann group	
Loss on sale of investment in CannPal	(102,914)
Loss after Income Tax Expense from Discontinued Operations	(218,187)

(ii) Carrying Amounts of Assets and Liabilities Disposed

	10 Mar 2023 \$
Cash and cash equivalents	75,420
Other current assets	38,520
Other non-current assets	3,862
Total Assets	117,802
Trade and other payables	14,888
Total Liabilities	14,888
Net Liabilities / Equity	102,914

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 8: INTEREST IN ASSOCIATE, JOINT VENTURE AND DISCONTINUED OPERATIONS (CONTINUED)

(a) Investment in Associate (continued)

(iii) Details of the Disposal of Subsidiary

10 Mar 2023

	\$
Total sale consideration	1
Receivable recognised on disposal	169,083
Carrying amount of net assets disposed	(102,915)
impairment of receivables at inception	(169,083)
Loss on disposal of CannPal before income tax	(102,914)
Less: Income tax expense on gain on disposal	-
Gain on disposal of CannPal after income tax	(102,914)

(b) Joint Venture

The consolidated entity had a 50% interest in DayaCann which was a for-profit joint venture established to grow medicinal cannabis in Chile. As the entity was a jointly controlled entity it was treated as a joint venture under AASB 11 *Joint Arrangements*, with the consolidated entity's investment in DayaCann accounted for using the equity method in the consolidated financial statements.

On 10 November 2020, AusCann announced an agreement with GrowForChile SpA ("GFC") and Telor International Limited ("Telor") in respect to the sale of the consolidated entity's 50% owned Chilean joint venture, DayaCann SpA ("DayaCann"). On 22 March 2021, AusCann announced it had finalised the sale of the Company's right, title and interest in DayaCann, and the transfer of the Company's loan.

An amount of USD \$200,000 was received on signing in December 2020. A further payment of USD \$200,000 was received in March 2021. These were in consideration for AusCann's 50% interest in DayaCann shares. An amount of USD \$100,000 was received in February 2021 towards the transfer of the loan. AusCann was expecting to receive further receipts totalling USD \$1,000,000 towards the transfer of the loan over the next two years (USD \$500,000 by 28 February 2022 and USD \$500,000 by 28 February 2023). These receivable amounts have been recognised as deferred considerations.

The USD \$1,000,000 is currently in dispute and has been fully provided for. Refer to Note 9 and 19 for further details.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 9: TRADE AND OTHER RECEIVABLES**

	2024	2023
	\$	\$
Current		
Accounts receivable	170	170
GST receivable	-	17,804
Accrued interest on loan to European Cannabis Corporation (ii)	1,276,233	615,462
Provision for credit losses on accrued interest	(615,462)	(615,462)
Deferred consideration receivable within 1 year (i)	1,415,429	1,415,429
Provision for impairment on deferred consideration for sale of DayaCann (i)	(1,415,429)	(1,415,429)
Loan to European Cannabis Corporation (ii)	6,688,475	2,750,000
Provision for credit losses on loans to European Cannabis Corporation	(2,750,000)	(2,750,000)
Short term deposits	30,000	287,623
Deposits on stock	3,000	-
	4,632,416	305,597
Non-Current		
Loan to European Cannabis Corporation (ii)	4,000,000	4,000,000
Provision for credit losses on loans to European Cannabis Corporation	(4,000,000)	(4,000,000)
Loan to CannPal	169,083	169,083
Provision for expected credit losses on loans to CannPal	(169,083)	(169,083)
	-	-
	4,632,416	305,597
(i) Movement in provision for expected credit losses		
Balance at beginning of the year	8,949,974	1,415,429
Provision for expected credit losses during the period	-	7,534,545
Balance at the end of year	8,949,974	8,949,974

The Group considers that there is evidence of impairment if any of the following indicators are present: financial difficulties of the debtor, probability that the debtor will dispute amounts owing and default or delinquency in payment (more than one year old).

During the year, an assessment was made of the recoverable balances as at 30 June 2024. Each receivable has been assessed individually for recovery, and those deemed to have a low chance of recovery have been fully provided for in the current period.

As outlined in Note 8, in the prior year, there was a dispute with GrowForChile SpA ("GFC") and Telor International Limited who claimed a breach of warranty under the share sale agreement. The Group believes that it will succeed in the dispute, however due to the SPA being governed by Chilean law and is subject to arbitration in Chile the Group identified this as an impairment indicator for the current deferred consideration receivables for the sale of DayaCann. In line with this indication of impairment, the current deferred consideration receivables for the sale of DayaCann have been fully provided for.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 9: TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) Loan to European Cannabis Corporation Limited

Receivables drawdown during 30 June 2024 of \$3,938,475 includes a \$3,050,000 drawdown at various date. Also, on 2 January 2024, a drawdown of EU 550,000 the equivalent Australian dollars of \$888,475 as part of the \$1,600,000 (€1m) working capital to ECC under the secured loan agreement.

Interest accrued for this loan during 30 June 2024 totalled \$660,771.

In December 2023, the Company had provided a further \$1,600,000 (€1m) in working capital to ECC under the secured loan agreement. The funding has been used for capital expenditure and general working capital of the ECC and HAPA group of companies towards the commercialisation of medicinal cannabis products specifically for the German and European medical cannabis markets, and to supply into global markets on the right commercial terms.

AusCann holds security as collateral for the expanded \$9,650,000 on secured loan facility. ECC have made repayments of \$2 million since the inception of the loan which is in excess of the current repayment requirement of \$1 million.

The interest rate remains at 7.5%, in line with the original agreement.

The loan is secured by a general security deed with ECC which grants security interest over all its assets and all the shares it holds in HAPA Pharm B.V. and a share pledge agreement wherein HAPA Pharm B.V. grants a security interest over all the shares it holds in HAPA Pharm GmbH, from time to time, together with a guarantee and indemnity in favour of the Group in respect of the amount owing by the ECC.

On 17 February 2025 a Debt to Equity Conversion agreement was signed, resulting in AusCann receiving 388,873,267 Fully Paid Ordinary Shares being issued between April 2025, and August 2025. This settled all debt owing from ECC.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 10: OTHER ASSETS**

	2024	2023
	\$	\$
Current portion:		
Prepayments	1,002	1,036
Deposits on stock (i)	2,000,000	2,250,000
Provision for credit losses on deposit on stock	(2,000,000)	(2,250,000)
Convertible notes (ii)	1,250,000	-
	<u>1,251,002</u>	<u>1,036</u>
Non-current portion:		
Prepayments	-	-
	<u>-</u>	<u>-</u>

(i) Deposit on stock

During the prior financial year, the Group placed a deposit with HAPA Pharm BV, The Netherlands (a wholly owned subsidiary of European Cannabis Corporation Limited). No interest was receivable on this deposit. The deposit was to be used in settlement of future purchase of goods.

(ii) Convertible notes

Included in the current receivables due by ECC are convertible notes for a further \$1,250,000. Terms are as follows:

- Payable at the earlier of completion of the next HAPA Pharm BV equity or debt financing, or 15 December 2024,
- Secured against company assets,
- 12.5% interest pa, accrued monthly
- At the election of the lender, it may elect to convert the loan amount plus interest, or part thereof, into equity at a 20% discount to the last capital raise

On 17 February 2025 a Debt to Equity Conversion agreement was signed, resulting in AusCann receiving 388,873,267 Fully Paid Ordinary Shares being issued between April 2025, and August 2025. This settled all debt owing from ECC.

NOTE 11: TRADE AND OTHER PAYABLES	2024	2023
	\$	\$
Trade payables and accrued expenses	188,589	134,951
PAYG and superannuation payable	10,892	6,485
	<u>199,481</u>	<u>141,436</u>

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTE 12: EMPLOYEE ENTITLEMENTS

	2024	2023
	\$	\$
Current		
Provision for annual leave	-	6,459

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 13: ISSUED CAPITAL**

	2024	2023	2024	2023
	\$	\$	Number of Shares	Number of Shares
Ordinary shares – fully paid, net of costs	93,165,187	93,165,187	440,547,110	440,547,110
	93,165,187	93,165,187	440,547,110	440,547,110

Ordinary shares

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

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

Options and performance rights:

The Company has issued certain options and performance rights which are potentially convertible to equity shares in the Company on or before its expiry date.

The following equity options and performance rights existed at the reporting date:

	Nos.
Unlisted options expiring on 31/12/24 @ \$0.1538	650,000
	650,000

NOTE 14: RESERVES**Share-Based Payments Reserve**

The share-based payments reserve is used to recognise the value of share-based payments provided to directors and employees or suppliers for services provided.

<i>Movements in Share-Based Payments Reserve:</i>	2024	2023
	\$	\$
Opening balance	54,882	127,989
Performance rights vesting to employees	-	14,792
Adjustment for expired options/performance rights	-	(87,889)
Ending balance	54,882	54,882

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.5 years (2023: 1.37 years). The weighted average exercise price during the financial year was \$0.1538 (2023: \$0.18).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 15: SHARE-BASED PAYMENTS

	2024	2023
	\$	\$
Expense recognised during the year	-	14,792
Reversal of expense due to non-vesting	-	(68,678)
	-	(53,886)

The details are noted below:

(a) Shares and Options Issued Under Scheme of Arrangement ("Scheme") for the Acquisition of CannPal Animal Therapeutics Limited ("CannPal")

On 18 March 2021, AusCann acquired 100% of CannPal via a Scheme whereby CannPal shareholders (and option holders) received 1.3 AusCann shares (1.3 AusCann options) for each CannPal share (CannPal option) held on 15 March 2021. A total of 123,499,753 AusCann shares were issued to CannPal shareholders, and a total of 10,400,000 unlisted AusCann options were issued to CannPal optionholders as part of the Scheme on 18 March 2021.

The 10,400,000 unlisted AusCann options are exercisable at \$0.1538 with 9,425,000 expired on 24 March 2022, 325,000 expired on 9 November 2022 and 650,000 expiring on 31 December 2024.

The fair value of the 650,000 unlisted options exercisable at \$0.1538 and expiring on 31 December 2024 was calculated at \$54,882 (being \$0.08443 each) using the Black-Scholes model with the following assumptions:

Fair value per option (cents)	8.443
Number of options	650,000
Total fair value of tranche	\$54,882
<u>Assumptions</u>	
Exercise price	\$0.1538
Expiry date	31 December 2024
Spot price	\$0.16
Expected volatility	72.11%
Dividend yield	Nil
Risk-free rate	0.09%

On 9 June 2024, 200,000 options with an exercise price of \$0.2550 lapsed without being exercised or converted.

A further 3,500,000 performance rights lapsed during the year because the conditions had not been or have become incapable of being satisfied.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 16: RELATED PARTY TRANSACTIONS

Parent Entity

AusCann Group Holdings Ltd ("AusCann") is the legal parent entity. Refer to Note 21.

Subsidiary

Refer to Note 21 for subsidiary information.

Associate and Joint Venture

Previous interests in an associate and joint venture are set out in Note 8.

Key Management Personnel

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2024 \$	2023 \$
Short-term benefits	276,592	764,374
Post-employment benefits	5,500	43,506
Share-based payments	-	14,792
	<u>282,092</u>	<u>822,672</u>

Transactions with Related Parties

European Cannabis Corporation Limited (ECC) is a related party of the Company as Tod McGrouther has a financial interest in ECC and is a key management personnel of ECC in FY2024 and FY2023.

The following transactions were under undertaken with ECC during the financial year and prior year.

Transactions	\$
Balance of advances made at 01/07/2022	5,000,000
Advances made in FY2023	4,750,000
Deposit for stock made in FY2023	2,250,000
Repayments received in FY2023	(3,000,000)
Balance of principle at 30/06/2023	9,000,000
Advances made in FY2024	3,938,475
Convertible notes issued FY2024	1,250,000
Balance of principle at 30/06/2024	14,188,475
Impairment expense recognised on loan principle	(6,750,000)
Impairment expense recognised on stock	(2,250,000)
Balance net of provisions	5,188,475
Add: Interest charged for FY2023	615,462
Impairment	(615,462)
Add: interest charged for FY2024	660,771
Balance including interest	5,849,246

Refer to Notes 8 and 9 for more details about European Cannabis Corporation Limited and HAPA Pharm BV.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 17: NOTES TO THE STATEMENT OF CASH FLOWS****(a) Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and deposits at call, net of outstanding bank overdrafts.

Reconciliation of Loss After Tax to Net Cash Used in Operating Activities

	2024	2023
	\$	\$
Net profit after tax	728,567	(10,918,706)
<i>Adjusted for:</i>		
Loss on sale of investment property	-	322,785
Depreciation and amortisation	251	182,469
Share-based payments	-	(53,886)
Provision for credit losses on related party loans	-	9,615,462
Loss on sale of CannPal	-	102,914
Accrued interest income	-	(615,462)
Loss on disposal of assets	249,997	-
Gain on sale of stock	(236,982)	-
<i>Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries and joint venture:</i>		
(Increase)/Decrease in receivables and other current assets	(642,966)	160,756
(Increase) in prepayments	-	(2,027,120)
(Decrease)/Increase in trade and other payables	58,046	20,200
(Decrease) in provisions	(6,458)	(117,284)
	<u>150,455</u>	<u>(3,327,872)</u>

(b) Non-Cash Investing and Financing Activities

There were no non-cash investing and financing activities undertaken during the financial years ended 30 June 2024 and 30 June 2023.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 18: FINANCIAL RISK

(a) Capital Risk Management

The consolidated entity manages its capital to ensure that the consolidated entity will be able to continue as a going concern while maximising the return to stakeholders through optimising the debt and equity balance.

(b) Financial Risk Management

The consolidated entity's management team coordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the consolidated entity and identifies any exposures by degree and magnitude of risks. These risks include credit risk, liquidity and cash flow interest rate risk and currency risk. The consolidated entity actively pursues avenues to minimise the effect of these risks.

Categories of Financial Instruments

	2024	2023
	\$	\$
<i>Financial Assets</i>		
Cash and cash equivalents	2,226,494	7,009,891
Convertible notes	1,250,002	-
Short term deposits	30,000	287,623
Loan to European Cannabis Corporation (including accrued interest)	4,599,246	-
Other current assets (excluding prepayments)	3,170	17,974
	<u>8,108,912</u>	<u>7,315,488</u>
<i>Financial Liabilities</i>		
Trade and other payables	199,481	141,436
Lease liabilities	-	-
	<u>199,481</u>	<u>141,436</u>

(c) Foreign Currency Risk

The consolidated entity previously undertook certain transactions denominated in United States dollars ("USD"), Canadian dollars, New Zealand dollars ("NZD"), Euros and British pounds and was exposed to foreign currency risk through foreign exchange rate fluctuations.

The consolidated entity had no exposure to foreign currency risk at 30 June 2024 or 2023.

(d) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate. The consolidated entity's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed periodically.

The consolidated entity has a significant credit risk exposure in relation to its loans and advances to European Cannabis Corporation amounting to \$5,849,738 as at 30 June 2024 (2023: \$6,750,000). The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(e) Interest Rate Risk Management

The consolidated entity is exposed to interest rate risk as it holds cash deposits at floating interest rates. Exposure to interest rate risk arises on the consolidated entity's cash and cash equivalents.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 18: FINANCIAL RISK (CONTINUED)****(e) Interest Rate Risk Management (Continued)***Interest Rate Sensitivity Analysis*

The sensitivity analysis has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the year. The directors have determined that a 50 basis-point increase or decrease represents management's assessment of the possible changes in interest rates.

At reporting date, if the interest rates had been 50 basis points higher or lower and all other variables were held constant, the consolidated entity's net profit would have been increased by \$40,528 (2023: \$70,238) and decreased by \$40,528 (2023: \$70,238) respectively. This is attributable to the consolidated entity's exposure to interest rates on its variable rate deposits.

The consolidated entity's exposure to interest rate risk at 30 June 2024 is shown in the following table.

	2024	2023
	\$	\$
<i>Financial Assets</i>		
Cash at bank	2,226,494	7,009,891
Short term deposits	33,000	287,623
Convertible notes	1,250,000	
Loan to European Cannabis Corporation	4,599,246	-
	<u>8,108,740</u>	<u>7,297,514</u>

(f) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors. The consolidated entity manages liquidity by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(g) Maturity Profile of Financial Liabilities

The following tables detail the consolidated entity's remaining contractual maturity for its non-derivative financial liabilities. The financial liabilities represent undiscounted cash flows based on the earliest date on which the consolidated entity can be required to pay.

	Less than 1 year \$	1 to 5 years \$	5+ years \$	Total \$
2024				
Trade and other payables	199,481	-	-	199,481
Lease liabilities	-	-	-	-
	<u>199,481</u>	<u>-</u>	<u>-</u>	<u>199,481</u>
2023				
Trade and other payables	141,436	-	-	141,436
Lease liabilities	-	-	-	-
	<u>141,436</u>	<u>-</u>	<u>-</u>	<u>141,436</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 18: FINANCIAL RISK (CONTINUED)

(i) Fair Value Hierarchy

The following tables detail the consolidated entity'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

Consolidated - 2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Convertible loan	-	1,250,000	-	1,250,000
Total Assets	-	1,250,000	-	1,250,000
Consolidated - 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Acquired intellectual property	-	-	-	-
Total Assets	-	-	-	-

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The fair value of other short-term financial assets and financial liabilities approximate their carrying values because of their short term to maturity.

The consolidated entity currently has no long-term financial assets or borrowings.

(ii) Valuation Techniques for Fair Value Measurements Categorised within Level 3

There are no financial instruments categories within Level 3 (2023: nil)

NOTE 19: COMMITMENTS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(i) Commitments

The Group has no material capital or other commitments at 30 June 2024 (2023: nil).

(ii) Contingent liabilities

There were no contingent assets or contingent liabilities as at 30 June 2024 and as at 30 June 2023.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024****NOTE 20: AUDITOR REMUNERATION**

The auditor of the consolidated entity is PKF Perth.

	2024	2023
	\$	\$
<i>Fees paid or payable to Hall Chadwick Audit (WA):</i>		
Audit or review of the financial report	38,575	-
Taxation services	-	-
<i>Fees paid or payable to PKF Perth:</i>		
Audit or review of the financial report	-	70,443
Taxation services	-	6,400
<i>Fees paid or payable to other audit firms:</i>		
Audit or review of the financial report	-	-
	38,575	76,843

NOTE 21: PARENT ENTITY DISCLOSURES

AusCann Group Holdings Ltd ("AusCann") is the legal parent entity.

	2024	2023
	\$	\$
Current assets	8,109,912	435,814
Total Assets	8,109,912	6,746,049
Current liabilities	(199,480)	-
Total Liabilities	(199,480)	-
Issued capital	93,165,187	93,165,187
Share-based payment reserve	54,882	54,882
Accumulated losses	(85,309,638)	(86,038,205)
Total equity	7,910,431	7,181,864
Profit (Loss) of the parent entity	728,568	(10,962,004)
Total comprehensive profit (loss) of the parent entity	728,568	(10,962,004)

Legal Subsidiary

	Country of Incorporation	Percentage Interest		Principal Activities
		2024	2023	
		%	%	
AusCann Operations Pty Ltd (formerly AusCann Group Holdings Ltd)	Australia	100%	100%	Medicinal cannabis research and development

AusCann Group Holdings Ltd (formerly TW Holdings Limited) acquired AusCann Operations Pty Ltd in a reverse acquisition on 19 January 2017.

Guarantees Entered into by the Parent Entity in Relation to the Debts of Its Subsidiaries

The parent entity has not issued any guarantees in respect of debts of its subsidiaries.

Contingent Liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Capital Commitments - Property, Plant and Equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and as at 30 June 2023.

Material Accounting Policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except that investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

The Company was removed from the ASX Official Listing on 29 August 2024.

On 17 February 2025 a Debt to Equity Conversion agreement was signed, resulting in AusCann receiving 388,873,267 Fully Paid Ordinary Shares being issued between April 2025, and August 2025. This settled all debt owing from ECC.

The consolidated entity has signed a binding agreement with Argent Biopharma Limited (ASX:RGT) for a streamlined transaction divesting its 48% equity interest in CannPal for \$2m in RGT shares at a price of 10c per RGT share.

There were no other events occurring subsequent to the end of the financial year that have significant affected, or may significantly affect, the operations of the consolidated entity in subsequent financial years.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

CONSOLIDATED ENTITY DISCLOSURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

Name of entity	Entity type	Place formed/ Incorporated	Ownership Interest %	Tax Residency
Parent entity AusCann Group Holdings Ltd	Body corporate	Australia	N/A	Australia
Subsidiary AusCann Operations Pty Ltd	Body corporate	Australia	100%	Australia

DIRECTORS' DECLARATION

The Directors of the consolidated entity declare that:

1. the financial statements, notes and additional disclosures included in the Directors' report designated as audited, of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of their performance for the year ended on that date.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial report.
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The information disclosed in the attached consolidated entity disclosure statement is true and correct.
5. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended to 30 June 2024.

This declaration is made in accordance with a resolution of the Board of Directors:



Andrew Chapman
Chairman

19 January 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSCANN GROUP HOLDINGS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AusCann Group Holdings Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the director's declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
 - (ii) 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 the Consolidated Entity 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the Company has initiated a slowdown in operations causing decreases in revenue during the year ended 30 June 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2024, 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, with the exception of the remuneration report and our related assurance opinion.

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

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity'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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF FCA
Director

Dated this 19th day of January 2026
Perth, Western Australia