

AusCann

ABN 72 008 095 207

Appendix 4D and Half-Year Financial Report

31 December 2023

APPENDIX 4D HALF-YEAR FINANCIAL REPORT

AusCann Group Holdings Limited provides the following information under listing rule 4.2A:

Details of the reporting period and the previous corresponding period

- Reporting period – half-year ended 31 December 2023
- Previous corresponding period – half-year ended 31 December 2022

Results for announcement to the market

	%	\$
Revenues from ordinary activities	<i>Up</i> 1%	509,557
Loss from ordinary activities after tax attributable to members	<i>Down</i> 96%	(51,933)
Net loss from the period attributable to members	<i>Down</i> 96%	(51,933)
Final and interim dividends	-	
Record date for determining entitlements to dividends	N/A	

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary share	1.62 cents	3.83 cents

Details of entities over which control has been gained or lost

There have been no changes in control over entities in the half-year ended 31 December 2023.

Dividends

The Board has not declared dividends or made dividend payments during the half-year ended 31 December 2023. The Company does not have any dividend or distribution reinvestment plans in operation.

Financial report

This half-yearly reporting information should be read in conjunction with the most recent annual financial report of the Company.

AUSCANN GROUP HOLDINGS LTD

ABN 72 008 095 207

TABLE OF CONTENTS

Company Information	4
Directors' Report	5
Auditors' Independence Declaration	7
Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income	8
Condensed Consolidated Statement Of Financial Position	9
Condensed Consolidated Statement Of Changes In Equity	10
Condensed Consolidated Statement Of Cash Flows	11
Notes To The Condensed Consolidated Financial Statements	12
Directors' Declaration	19
Independent Auditor's Review Report	20

AUSCANN GROUP HOLDINGS LTD
ABN 72 008 095 207

COMPANY INFORMATION

DIRECTORS

Mr Andrew Chapman (appointed 1 December 2023)
Mr Tod McGrouther (resigned 1 December 2023)
Mr Robert Clifford
Mr Brett Mitchell

COMPANY SECRETARY

Mrs Rachel Kerr

REGISTERED OFFICE

1202 Hay Street
West Perth WA 6005

WEBSITE

<https://auscann.com.au>

CORPORATE GOVERNANCE

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

AUDITORS

Hall Chadwick WA Audit 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

This interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

The Directors present their report together with the financial statements of AusCann Group Holdings Ltd ("the Company" or "AusCann") and its controlled entity (collectively "the consolidated entity") for the half-year ended 31 December 2023.

Directors

The following persons were directors of the Company during the half-year and until the date of this report, unless otherwise stated:

Mr Tod McGrouther (resigned 1 December 2023)
Mr Andrew Chapman (appointed 1 December 2023)
Mr Robert Clifford
Mr Brett Mitchell

Principal Activities

AusCann's principal activity during the financial period 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.

AusCann does this by providing healthcare professionals and veterinarians with reliable pharmaceutical and nutraceutical products, with robust safety, quality assurance and efficacy data to support the treatment of their patients in global jurisdictions with relevant legislation that offer a compelling return on investment.

Operating Results and Financial Position

The loss of the consolidated entity for the half year was \$51,933 (2022: \$1,311,310).

No rental income was recognised during the half year; on the same period in 2022 \$190,289 was recognised in respect to the lease of the Company's research and development facility in Wangara, Western Australia to Source Certain International.

Research and development expenses of \$47,278 accounted for 8% of the Company's total expenses for the half-year (2022: \$283,101, 16%). These expenses directly relate to core revenue generating activities for the Company's lead medicinal cannabis programs.

AusCann has net cash of \$3,650,634 (2022: \$7,009,891). Cash used in operating activities of \$313,880 for the half year represents a reduction of 77% versus 2022 (2022: \$1,341,648).

Review of operations

The AusCann Group Holdings consolidated entity (AusCann) is pleased to report on the key highlights for the period ending December 31, 2023.

Loan Facility to EuroCann

As announced on 29 October 2023, 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. 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 7.5%, in line with the original agreement.

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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. We note that at the date of this report 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 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 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.

Proposed Transaction and Trading Suspension

AusCann has been exploring other potential transactions which may include strategic acquisitions or mergers. As a result of this, the fully paid ordinary shares of AusCann were suspended from quotation at the request of ASX on 31 August 2022, pending the release of an announcement of a proposed transaction under Listing Rule 11.1. The ASX has exercised its discretion under Listing Rule 11.1.2 to require the Proposed Transaction to be conditional on approval by AusCann's ordinary security holders and under Listing Rule 11.1.3 to require AusCann to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

It is expected that AusCann's Shares will remain suspended until AusCann has recompiled with Chapters 1 and 2 of the Listing Rules.

The Company continues to progress due diligence in relation to the proposed transaction and AusCann will provide the market with further updates in relation to the Proposed Transaction in due course.

Events Subsequent to Reporting Date

On 2 January 2024, the Company announced that Ms Susan Park had resigned from her position as company secretary and Mrs Rachel Kerr has been appointed as company secretary of AusCann Group Holding Ltd effective 1 January 2024.

On 3 January 2024, the Company announced that has changed auditors from PKF Perth to Hall Chadick WA Audit Pty Ltd. The appointment of Hall Chadick follows a competitive tender process with Hall Chadick assessed as providing best match skills and value.

Other than as identified above, no events occurring subsequent to the end of the financial period have significantly affected, or may significantly affect, the operations of the consolidated entity in subsequent financial periods.

Auditor's Independence Declaration

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

This report is made in accordance with a resolution of the directors.

On behalf of the directors



Andrew Chapman
Non-Executive Chairman
3 April 2024

To the Board of Directors,

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

As lead audit Director for the review of the financial statements of AusCann Group Holdings Limited Limited for the financial year ended 31 December 2023, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF CA
Director

Dated this 3rd day of April 2024
Perth, Western Australia

AUSCANN GROUP HOLDINGS LTD
ABN 72 008 095 207

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT
OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	31 December 2023	31 December 2022
	\$	\$
Sales	-	-
Less: Cost of goods sold	(8,375)	(20,438)
Net Sales Income	(8,375)	(20,438)
Government grants	-	24,600
Rental income	-	190,289
Interest revenue	517,932	312,159
Other income	-	-
Total Income	509,557	506,610
Employee benefits expense	(79,790)	(470,292)
Consulting fees	(122,317)	(130,367)
Research and development (direct costs)	(47,278)	(283,101)
Depreciation and amortisation	(126)	(99,558)
Corporate and Administration Expense	-	(309,009)
Other expenses	(311,979)	(525,593)
Total Expenses	(561,490)	(1,817,920)
Loss Before Tax from Continuing Operations	(51,933)	(1,311,310)
Income tax expense	-	-
Loss After Tax from Continuing Operations	(51,933)	(1,311,310)
Profit/(Loss) after income tax expense from discontinued operations	-	-
Net Loss After Tax for the Period	(51,933)	(1,311,310)
Other comprehensive income, net of tax	-	-
Total Comprehensive Loss for the Period	(51,933)	(1,311,310)
Basic and diluted earnings per share (cents per share)	(0.01)	(0.30)

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

AUSCANN GROUP HOLDINGS LTD
ABN 72 008 095 207

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31 December 2023 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		3,650,634	7,009,891
Trade and other receivables	3	2,359,123	305,597
Other current assets		1,035	1,036
Total Current Assets		6,010,792	7,316,524
NON-CURRENT ASSETS			
Trade and other receivables	3	1,300,000	-
Property, plant and equipment		92	13,235
Total Non-Current Assets		1,300,092	13,235
Total Assets		7,310,884	7,329,759
CURRENT LIABILITIES			
Trade and other payables		170,884	141,436
Employee entitlements		10,069	6,459
Total Current Liabilities		180,953	147,895
Total Liabilities		180,953	147,895
NET ASSETS		7,129,931	7,181,864
EQUITY			
Issued capital	4	93,165,187	93,165,187
Reserves		54,882	54,882
Accumulated losses		(86,090,138)	(86,038,205)
TOTAL EQUITY		7,129,931	7,181,864

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

AUSCANN GROUP HOLDINGS LTD
ABN 72 008 095 207

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE
YEAR ENDED 31 DECEMBER 2023**

	Issued Capital	Share-based payment reserve	Accumulates Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2022	93,165,187	127,989	(75,138,720)	18,154,456
Loss for the period	-	-	(1,311,310)	(1,311,310)
<i>Other comprehensive income for the period, net of tax</i>				
Foreign currency translation	-	-	-	-
	-	-	(1,311,310)	(1,311,310)
<i>Transactions with owners in their capacity as owners</i>				
Share-based payments	-	12,439	-	12,439
Adjustment for expired options	-	(70,064)	70,064	-
Balance at 31 December 2022	93,165,187	70,364	(76,379,966)	16,855,585
Balance at 1 July 2023	93,165,187	54,882	(86,038,205)	7,181,864
Loss for the period	-	-	(51,933)	(51,933)
<i>Other comprehensive income for the period, net of tax</i>				
Foreign currency translation	-	-	-	-
	-	-	(51,933)	(51,933)
<i>Transactions with owners in their capacity as owners</i>				
Share-based payments	-	-	-	-
Adjustment for expired options	-	-	-	-
Balance at 31 December 2023	93,165,187	54,882	(86,090,138)	7,129,931

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

AUSCANN GROUP HOLDINGS LTD
ABN 72 008 095 207

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 31 DECEMBER 2023**

	31 December 2023	31 December 2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	225,415	3,427
Government grants and incentives	-	24,600
Receipts from customers	-	234,733
Payments to suppliers and employees	(539,295)	(1,604,408)
Net cash used in operating activities	(313,880)	(1,341,648)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for loan to European Cannabis Corporation	(3,300,000)	(3,750,000)
Proceeds from transfer of DayaCann loan	254,623	-
Net used in investing activities	(3,045,377)	(3,750,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	-	(25,957)
Net cash used in financing activities	-	(25,957)
Net decrease in cash and cash equivalents	(3,359,257)	(5,117,605)
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	3,650,634	599,036

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of AusCann Group Holdings Ltd (“the Company”) and its controlled entity (collectively “the consolidated entity”) for the half-year ended 31 December 2023.

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 3 April 2024.

(a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. These financial statements have been prepared on the basis of historical costs, except for the statement of cashflows. Cost is based on the fair values of consideration in exchange for assets. All amounts are presented in Australian Dollars unless otherwise noted.

(b) Accounting Policies

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

(c) New or Amended Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

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

(d) 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 loss of \$51,933 (2022: \$1,311,310) from continuing operations and had cash outflows from operating activities of \$313,880 (2022: \$1,341,648). At 31 December 2023, the Group had cash and cash equivalents of \$3,650,634 (30 June 2023: \$7,009,891).

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

The Consolidated Entity holds sufficient cash resources arising primarily from the sale of the investment property in the prior financial year. 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.

AUSCANN GROUP HOLDINGS LTD

ABN 72 008 095 207

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 2: SEGMENT DISCLOSURES

During the half-year period, the consolidated entity operated in one business segment, being the research and development of medicinal cannabis. This activity was established in both 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.

Half-Year Ended 31 December 2023 Consolidated

	Corporate	Medicinal Cannabis Research and Development	Total
	\$	\$	\$
Revenue	-	-	-
Less: Cost of goods sold -	-	(8,375)	(8,375)
Net Sales Income from External Customers	-	(8,375)	(8,375)
Interest received	517,932	-	517,932
Other income	-	-	-
Total Revenue	517,932	(8,375)	509,557
Expenses			
Employee benefits expense	-	(79,790)	(79,790)
Consulting fees	-	(122,317)	(122,317)
Research and development (direct costs)	-	(47,278)	(47,278)
Other expenses	(171,342)	(140,763)	(312,105)
Total Expenses	(171,342)	(390,148)	(561,490)
Loss Before Income Tax	346,590	(398,523)	(51,933)
Income tax (expense)	-	-	-
Loss After Income Tax	346,590	(398,523)	(51,933)
Assets			
Segment assets	4,336,698	2,974,186	7,310,884
Total Assets	4,336,698	2,974,186	7,310,884
Liabilities			
Segment liabilities	-	180,953	180,953
Total Liabilities	-	180,953	180,953

AUSCANN GROUP HOLDINGS LTD

ABN 72 008 095 207

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 2: SEGMENT DISCLOSURES (CONTINUED)

Half-Year Ended 31 December 2022 Consolidated

	Corporate	Medicinal Cannabis Research and Development	Total
	\$	\$	\$
Revenue	-	-	-
Less: Cost of goods sold -	-	(20,438)	(20,438)
Net Sales Income from External Customers	-	(20,438)	(20,438)
Government Grants	-	24,600	24,600
Rental Income	-	190,289	190,289
Interest received	312,159	-	312,159
Other income	-	-	-
Total Revenue	312,159	194,451	506,610
Expenses			
Employee benefits expense	-	(457,853)	(457,853)
Share based payment expense - employees	(12,439)	-	(12,439)
Consulting fees	-	(130,367)	(130,367)
Research and development (direct costs)	-	(283,101)	(283,101)
Depreciation and amortisation	(3,336)	(96,222)	(99,558)
Other expenses	(157)	(834,445)	(834,602)
Total Expenses	(15,932)	(1,801,988)	(1,817,920)
Loss Before Income Tax	296,227	(1,607,537)	(1,311,310)
Income tax (expense)	-	-	-
Loss After Income Tax	296,227	(1,607,537)	(1,311,310)
Assets			
Segment assets	5,314,628	11,850,672	17,165,300
Total Assets	5,314,628	11,850,672	17,165,300
Liabilities			
Segment liabilities	-	309,175	309,175
Total Liabilities	-	309,175	309,175

AUSCANN GROUP HOLDINGS LTD

ABN 72 008 095 207

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 3: TRADE AND OTHER RECEIVABLES

	31 December 2023	30 June 2023
	\$	\$
Current		
Accounts receivable	170	170
GST receivable	33,436	17,804
Accrued interest on loan to European Cannabis Corporation (ii)	907,979	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 DayaCan (i)	(1,415,429)	(1,415,429)
Loan to European Cannabis Corporation (ii)	2,000,000	2,750,000
Provision for credit losses to European Cannabis Corporation (i)	-	(2,750,000)
Short-term deposits	33,000	287,623
	2,359,123	305,597
Non-Current		
Loan to European Cannabis Corporation (ii)	8,050,000	4,000,000
Provision for credit losses on loans to European Cannabis Corporation (i)	(6,750,000)	(4,000,000)
Loan to CannPal	169,083	169,083
Provision for expected credit losses on loans to CannPal (i)	(169,083)	(169,083)
	1,300,000	-
	3,659,123	305,597

(i) **Movement in provision for expected credit losses**

	31 December 2023	30 June 2023
	\$	\$
Balance at beginning of the period	8,949,974	1,415,429
Provision for expected credit losses during the period	-	7,534,545
Balance at the end of the period	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 half-year ended 31 December 2023, an assessment was made of the recoverable balances as at 31 December 2023. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 3: TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) Loan to European Cannabis Corporation Limited

As announced on 29 October 2023, 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. Following the review a new facility was put in place providing additional security as collateral for the \$8,050,000 facility. In December 2023 this facility was increased by an additional EU1,000,000. The current portion of the receivable represents the \$1,250,000 convertible notes, and \$750,000 drawdown on the new facility. In the new year (2 January 2024), the remainder of the new facility was drawn down, being Eu 550,000.

The interest rate remains at 7.5%, 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 (amended from the original agreement of May 2025). We note that at the date of this report ECC is in compliance with the first two repayments with the balance due in June 2025.

The repayment terms of the new EU 1,000,000 facility is the earlier of completion of the next capital raise or 30 September 2024.

The loan is secured by a general security deed by with ECC 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.

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

NOTE 4: ISSUED CAPITAL

	31 December 2023		30 June 2023	
	\$	Number of Shares	\$	Number of Shares
Ordinary shares – fully paid, net of costs	93,165,187	440,547,110	93,165,187	440,547,110
	93,165,187	440,547,110	93,165,187	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.

AUSCANN GROUP HOLDINGS LTD

ABN 72 008 095 207

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Options and performance rights

	Number of options / performance rights
Unlisted options expiring on 31/12/24 @ \$0.1538	650,000
Unlisted options expiring on 09/06/24 @ \$0.2550	200,000
	<hr/> 850,000 <hr/>

On 26 October 2023 200,000 options with an exercise price of \$0.255 and 325,000 options with an exercise price of \$0.1538 lapsed without being exercised or converted. A further, 3,500,000 performance rights lapsed because the conditions had not been or have become incapable of being satisfied.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 5 : EVENTS SUBSEQUENT TO REPORTING DATE

On 2 January 2024, the Company announced that Ms Susan Park had resigned from her position as company secretary and Mrs Rachel Kerr has been appointed as company secretary of AusCann Group Holding Ltd effective 1 January 2024.

On 3 January 2024, the Company announced that has changed auditors from PKF Perth to Hall Chadick WA Audit Pty Ltd. The appointment of Hall Chadick follows a competitive tender process with Hall Chadick assessed as providing best match skills and value.

Other than as identified above, no events occurring subsequent to the end of the financial period have significantly affected, or may significantly affect, the operations of the consolidated entity in subsequent financial periods.

AUSCANN GROUP HOLDINGS LTD

ABN 72 008 095 207

DIRECTORS' DECLARATION

In the opinion of the Directors of Auscann Group Holding Ltd ('the Group'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Andrew Chapman
Non-Executive Chairman
3 April 2024

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

Conclusion

We have reviewed the accompanying half-year financial report of AusCann Group Holdings Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AusCann Group Holdings Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF CA

Director

Dated this 3rd day of April 2024
Perth, Western Australia