



QBiotics
Group

QBiotics Group Limited

ANNUAL REPORT
30 JUNE 2026

ABN 13 617 596 139

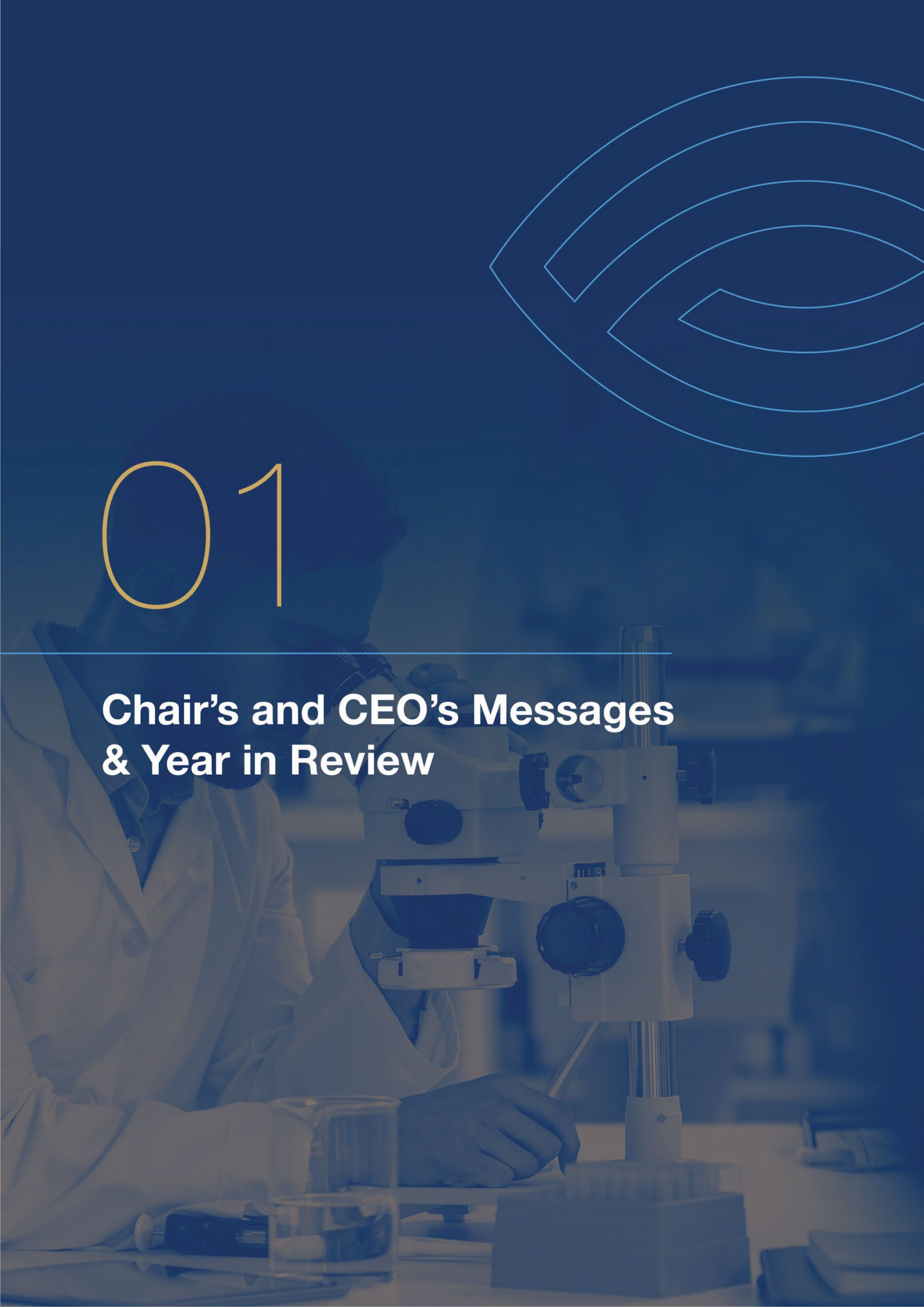
QBiotech Group Limited

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Forward looking statements

This report contains forward looking statement which reflect the current beliefs and expectations of QBiotech. Statements may involve a number of known and unknown risks that could cause our future results, performance or achievements to differ significantly from those expressed or implied by such forward-looking statements. While these forward-looking statements reflect QBiotech's expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact. Many factors could cause QBiotech's actual results, performance or achievements to differ from those expressed in the forward-looking statements including risks relating to our ability to recruit patients for our clinical trials, uncertainty and disruption caused by environmental and geo-political developments, actions of regulatory bodies and other governmental authorities. Therefore, readers are cautioned not to place undue reliance on forward-looking statements. Except as required by applicable laws or regulations, QBiotech does not undertake to publicly update or review any forward looking statements.



01

Chair's and CEO's Messages & Year in Review

QBiotech Group Limited

Chair's message

For the year ended 30 June 2026

Dear Shareholders,

The past year marked an important turning point for QBiotech.

While significant progress was achieved across our clinical programmes, the 2026 financial year (FY26) was also a year in which the Company's strategic direction, organisational capability and readiness for future growth were strengthened. Through a comprehensive review of our priorities, operating model and long-term objectives, we have positioned QBiotech to pursue the next phase of its development with greater clarity and purpose.

Biotechnology companies continue to operate within a challenging capital markets environment. In response, the Board has remained focused on those factors within our control: disciplined execution, prudent capital management and the careful prioritisation of opportunities capable of creating long-term shareholder value.

This work culminated in the launch of our 2026-2027 Strategic Plan. The plan provides a focused framework to sharpen execution, strengthen organisational performance and prepare the business for future commercial and partnering opportunities. Outstanding science remains the foundation of QBiotech; however, long-term success depends on our ability to translate that science into meaningful clinical outcomes and commercial value.

At the centre of the strategy are three priorities: **Cash**, **Customers** and **Culture**.

Cash reflects our commitment to disciplined capital management and prudent investment.

Customers recognises the importance of building strong relationships with pharmaceutical partners and other stakeholders who can help accelerate the development and commercialisation of our assets.

Culture reflects our belief that high-performing teams, clear accountability and strong leadership are fundamental to sustained execution.

Together, these priorities provide a practical framework for decision-making and help ensure our time, capital and resources remain focused on the opportunities that matter most.

During the year, we also strengthened the Company's leadership capability through the renewal of both the Board and executive leadership team. The experience added across commercialisation, capital markets and corporate strategy complements QBiotech's established scientific expertise and enhances our ability to pursue partnering opportunities and long-term growth.

Clinical progress across our oncology and wound healing programmes further reinforced the strength of the Company's portfolio and expanded the opportunities available to us. As a platform company, QBiotech is pursuing multiple pathways to value creation, supported by a growing body of clinical evidence and increasing engagement across the broader pharmaceutical sector.

Preserving strategic flexibility while maintaining an appropriate funding position has remained a key Board priority. Following the reporting period, QBiotech launched a capital raising through the lodgement of a Prospectus. The funds sought will support clinical development, manufacturing, business development and corporate readiness initiatives, while strengthening the Company's ability to pursue future opportunities from a position of greater strength.

The Board also determined that postponing a potential initial public offering until 2027 is in the best interests of both the Company and its shareholders. We believe that further progress across our clinical programmes and partnering activities will strengthen QBiotech's position ahead of any future market listing. In the current environment, disciplined execution and timing remain critical.

As we look ahead, we do so with confidence. QBiotech is a strong, focused organisation. We have a clear strategy, experienced leadership and a portfolio of assets with meaningful potential. Our focus now is on executing against our priorities, advancing partnership opportunities and building on the foundations established over the past year.

On behalf of the Board, I thank our shareholders for their continued support and confidence in QBiotech. I also thank my fellow Directors, our executive team and all employees for their dedication and contribution during a year of significant transformation.

Yours sincerely,



Simon Pollard
Non-executive Chair

QBiotech Group Limited
CEO's message
For the year ended 30 June 2025

Dear Shareholders,

During the 2026 financial year, our programmes continued to mature, supported by the generation of new clinical data and the achievement of important clinical milestones.

These achievements reinforce the potential of our portfolio and reflect the commitment of our team, investigators and collaborators. Across both our oncology and wound healing programmes, we strengthened the evidence supporting our assets while expanding future development opportunities.

Tigilanol tiglate, our lead oncology asset, achieved several important development milestones during the year.

In soft tissue sarcoma, Stage 2 of our Phase II study commenced at Memorial Sloan Kettering Cancer Center, building on the encouraging efficacy observed in Stage 1. We also broadened the programme's reach through a letter of intent with Unicancer in France to collaborate on a Phase II study in recurrent breast cancer, extending evaluation of the asset into an additional oncology setting.

A major milestone was the completion of our Phase II Head and Neck Cancer study. Following year end, we reported final results demonstrating a 78% Objective Response Rate in injected tumours. These findings add to the growing body of evidence supporting tigilanol tiglate and highlight its potential as a differentiated intratumoural therapy for solid tumours.

Our wound healing programme also delivered important progress. EBC-1013 advanced through successive cohorts in its Phase I study in patients with venous leg ulcers, generating encouraging safety and tolerability data. Following year end, the study entered its fourth cohort, with no dose-limiting toxicities or significant safety concerns observed. As our second clinical-stage programme, EBC-1013 demonstrates the broader potential of the epoxytigilane platform beyond oncology.

Beyond our clinical programmes, expanding engagement with pharmaceutical companies, scientific collaborators and key opinion leaders reflected the growing strength of our clinical data package. As the evidence supporting our programmes has increased, so too has the depth and quality of discussions regarding potential development and partnering opportunities. We remain focused on identifying pathways that can accelerate development and maximise the value of our assets.

We are also managing the transition of STELFONTA® following the conclusion of the Virbac distribution arrangement. Our priority is to preserve flexibility while evaluating commercial pathways that best align with the Company's objectives and the long-term potential of the asset.

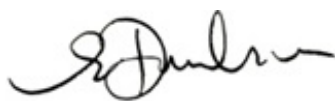
What gives us confidence is the breadth of progress achieved across the portfolio during the year. We completed a Phase II study, advanced two ongoing clinical programmes, expanded evaluation of tigilanol tiglate into an additional cancer indication and continued to strengthen engagement with prospective pharmaceutical partners. Collectively, these achievements demonstrate the capability of our organisation, the quality of our science and the potential of the epoxytigilane platform.

Following the launch of the Company's Prospectus Offer, we welcomed the opportunity to engage directly with existing and prospective shareholders through a series of investor briefings and virtual presentations. The quality of those discussions reinforced the strong interest in our clinical programmes, development strategy and long-term vision.

As we enter the 2027 financial year, our priorities are clear. We will advance our clinical programmes, deepen engagement with potential pharmaceutical partners and maintain disciplined execution across the business. Supported by a growing clinical evidence base, expanding development opportunities and a highly capable team, QBiotech is well positioned for its next phase of development.

I would like to thank the entire QBiotech team, our Board, our investigators, scientific advisers and collaborators for their dedication and professionalism throughout the year. Most importantly, I thank our shareholders for their continued support and belief in what we are building.

Yours sincerely,



Ebru Davidson
Interim Chief Executive Officer and Managing Director

Highlights

The 2026 financial year ("FY2026") was a year of significant strategic repositioning and disciplined execution for QBiotics. The Company reshaped its priorities, strengthened organisational focus and delivered important clinical, commercial and operational milestones across its portfolio. Important milestones were delivered in both the tigilanol tiglate oncology and EBC-1013 wound healing programmes. In March 2026, following a comprehensive review of the Company's capital position, priorities, and operating model, the Board launched its 2026-2027 Strategic Plan, aligning the organisation around three strategic pillars, **cash**, **customers** and **culture**, designed to strengthen focus and performance, to achieve a near term commercial deal that can position QBiotics for a liquidity event.

Key achievements included: initiation of the second stage of our Phase II trial in Soft Tissue Sarcoma (QB46C-H07) at Memorial Sloan Kettering Cancer Center in New York following an 82% objective response rate in injected tumours from the first stage of the trial; signing of a letter of intent to collaborate with Unicancer on a Phase II breast cancer trial in France; completion of the recruitment phase for our Phase II trial in head and neck cancer (QB46C-H08); and continued dose escalation in our wound healing safety trial (QB1013C-H201). Post period, our Phase II head and neck trial (lead site Royal Marsden hospital) reported a 78% objective response rate in injected tumours.

The Company also advanced EBC-1013 through dose escalation, expanded its intellectual property portfolio and continued to evolve its leadership and Board composition to support delivery of its strategic priorities.

Together with ongoing partnering discussions, these achievements position QBiotics to progress through FY2027 with growing clinical validation, multiple value-driving catalysts and a clear pathway to future growth.

Advancing the pipeline

Tigilanol tiglate human oncology programme

Tigilanol tiglate remains QBiotics' most advanced human pharmaceutical asset and continues to demonstrate highly encouraging activity across multiple solid tumour indications. The programme is built around a differentiated intratumoural treatment approach, designed to rapidly destroy tumours while activating anti-cancer immune responses.

Tigilanol tiglate treating Soft Tissue Sarcoma

Following the reporting of final Stage 1 data from the Phase II soft tissue sarcoma study (QB46C-H07) at Memorial Sloan Kettering Cancer Center in New York in June 2025, which demonstrated an 82% objective response rate in injected tumours, we initiated Stage 2 of the study. The Stage 2 expansion arm is designed to further evaluate the broader anti-tumour activity of tigilanol tiglate, including its effect on both injected and non-injected tumours using Response Evaluation Criteria in Solid Tumours (RECIST). The study is expected to generate additional data to support future development and partnering opportunities and continues to recruit patients.

Head and Neck Cancer

Recruitment was successfully completed during FY2026 in the Phase II head and neck cancer study (QB46C-H08), with sufficient data collected to support closure of enrolment under the approved protocol.

Following the reporting period, QBiotics announced positive efficacy and safety results from the study. The trial achieved a 78% objective response rate in injected tumours among patients whose disease was refractory to standard-of-care treatment. Six tumours were completely ablated, with no recurrence observed while patients remained on study. Tigilanol tiglate was well tolerated and demonstrated a safety profile consistent with its expected local mechanism of action.

These results further strengthen the growing body of clinical evidence supporting tigilanol tiglate across multiple tumour types and provide important support for ongoing partnering discussions.

Expanding future oncology opportunities

During the year, QBiotics continued preparations to broaden the clinical development pathway for tigilanol tiglate.

QBiotech Group Limited

Year in review

For the year ended 30 June 2026

In March 2026, QBiotech signed a letter of intent with Unicancer, France's leading oncology clinical research network, to negotiate a collaboration agreement supporting an investigator-initiated Phase II study of intratumoural tigilanol tiglate in patients with loco-regional and superficial breast cancer recurrence.

The proposed multi-centre study is intended to enrol approximately 50 patients and builds on clinical experience gained through compassionate use programmes in France. The collaboration reflects growing international interest in tigilanol tiglate and provides an opportunity to expand the programme into a new oncology indication while further strengthening the clinical data package supporting future partnering discussions.

QBiotech also initiated a preclinical liver cancer study to explore the potential application of tigilanol tiglate in treatment of this disease and thus further strengthen the programme's commercial potential.

Tigilanol tiglate partnering and commercialisation

Consistent with its strategy of advancing programmes through Phase II proof-of-concept prior to securing major commercial partnerships, QBiotech maintained a strong business development focus throughout FY2026.

QBiotech is in confidential discussions with several potential industry partners to explore collaboration and licensing opportunities for tigilanol tiglate. To support our existing business development team in these initiatives, the Company recently engaged Linda Pullan (of Pullan Consulting) as a specialist advisor in pharmaceutical deal structuring and negotiation.

QBiotech participated in a range of national and international scientific, investment and partnering conferences, including Bioshares, AusBiotech, the virtual Bell Potter Securities Healthcare Conference, and the Redefining Early Stage Investments (RESI) Conference, held alongside J.P. Morgan Healthcare Week in San Francisco. Other international engagements included the BIO International Convention in San Diego, the 10th Annual Medical Technology Enterprise Consortium (MTEC) Membership Meeting in Washington DC, the European Tissue Repair Society (ETRS) Annual Meeting in Cardiff, and specialised oncology forums such as the European Society for Medical Oncology (ESMO) Congress in Berlin and the inaugural Intratumoural Immunotherapy Symposium at Gustave Roussy in Paris. These engagements provided valuable opportunities to present clinical data, strengthen relationships with key opinion leaders and engage prospective pharmaceutical partners and increase awareness of the Company's clinical programmes.

As clinical data continues to mature, QBiotech remains focused on converting this momentum into value-generating partnerships capable of supporting later-stage development and global commercialisation.

EBC-1013 wound healing programme

QBiotech's second clinical-stage programme, EBC-1013, continued to gain momentum throughout FY2026.

EBC-1013 is a topically applied small molecule derived from the Company's proprietary epoxytigilane platform and is being developed for the treatment of chronic and acute wounds and burns. The programme originated from observations of rapid wound healing following treatment with tigilanol tiglate.

During the reporting period, the first-in-human Phase I clinical trial in patients with venous leg ulcers (QB1013C-H201) progressed through recruitment and dose-escalation activities. The study is designed to evaluate safety, tolerability and dosing while generating important data to inform future development.

Following year end, the programme advanced successfully to the fourth of five planned dose cohorts, representing another important milestone in the development of the Company's wound healing platform.

QBiotech also continued investing in manufacturing, regulatory planning and clinical preparation activities designed to support later-stage clinical development and future partnering opportunities.

STELFONTA® and our veterinary oncology programme

STELFONTA®, QBiotech's approved veterinary oncology product, continued to provide valuable real-world clinical experience during FY2026, supporting the development of tigilanol tiglate for human oncology applications. During the year, QBiotech announced that its exclusive Supply and Distribution Agreement with Virbac would not be renewed at the end of its current term. Following the agreement's conclusion on 31 July 2026, the parties entered into a transition arrangement under which Virbac will continue to sell existing STELFONTA inventory through defined transition periods while QBiotech progresses future distribution and commercialisation arrangements.

QBiotics Group Limited

Year in review

For the year ended 30 June 2025

QBiotics retains ownership of all STELFONTA marketing authorisations and remains focused on establishing the most appropriate long-term commercial model for the product, with the objective of expanding access to treatment and helping more dogs benefit from STELFONTA.

Discovery programmes

Studies supporting our product discovery pipeline continued through the period, again focusing on the discovery of additional molecules with antibiotic and anti-inflammatory activity. The following manuscript was published recently: Raju R et al. (2026). Triplinones I-O: Arylalkenyl α,β -Unsaturated- δ -Lactones Isolated from the Leaves of Australian Rainforest Plant *Cryptocarya triplinervis* (Lauraceae) Displaying Anti-Inflammatory Activity. J Nat Prod. 89(2):746-754.

Intellectual property portfolio

A strong intellectual property position remains fundamental to QBiotics' partnering and commercialisation strategy.

During FY2026, the Company further strengthened the intellectual property portfolio supporting its oncology and wound healing programmes by advancing patent applications across multiple jurisdictions. QBiotics also prepared provisional applications for two additional patent families during the year to protect new technologies that provide significant future development opportunities.

The Company's growing patent estate provides protection across compounds, formulations, manufacturing processes and therapeutic applications derived from the proprietary epoxytiglane platform. Management believes this portfolio represents an important competitive advantage and a key value driver for future partnering activities.

Team and culture

A significant Board and executive leadership transition took place during the year. Effective 18 December 2025, Simon Pollard was appointed Interim Non-executive Chair and Ebru Davidson was appointed Interim CEO and Managing Director, and Dr Paul Reddell was reinstated as Chief Scientific Officer. Dr Victoria Gordon was appointed Chief Strategy Officer effective 1 January 2026.

The Company also acknowledges the contributions of directors and executives who served during the year and helped advance QBiotics' clinical and corporate objectives including, former Non-executive Chair Mark Fladrich, former CEO and Managing Director Stephen Doyle and Non-executive Directors Sergio Duchini and David Phillips, who departed the Company during the leadership transition.

On 23 January 2026, Brendan Brown joined the Company as Chief Financial Officer, while Elissa Hansen was appointed Company Secretary. In April 2026, experienced investment banker Andrew Craig joined the leadership team as Global Investor Relations Officer, followed by the appointment of Geoff Miller as a Non-executive Director in June 2026. Collectively, these appointments enhanced the Company's capabilities across strategy, science, finance, governance and investor relations.

QBiotics also continued to benefit from the expertise of its internationally recognised Clinical Advisory Board and Scientific Advisory Board. These groups provide guidance across oncology, wound healing, translational medicine, antimicrobial resistance and natural product drug discovery and remain a significant strength as the Company's pipeline continues to mature.

Operational streamlining undertaken during FY2026 improved organisational focus and capital efficiency while retaining the deep scientific and clinical expertise required to advance the Company's portfolio. At year end, QBiotics employed 37 staff, with more than half of the employees (54%) having over five years' service, reflecting the depth of experience and commitment across the organisation.

Corporate and capital management

Throughout FY2026, management remained focused on its strategic priorities of **Cash, Customers** and **Culture**.

The Company continued to carefully manage expenditure, optimise operational efficiency and direct capital toward activities expected to generate long-term shareholder value. At the same time, considerable effort was invested in advancing pharmaceutical partnering opportunities, strengthening investor engagement and preparing the business for future growth.

Operational cash burn reduced by approximately 26% in FY26 to \$1.16 million average per month in that period, reflecting the impact of cash conservation measures and internal streamlining initiatives implemented during the year¹.

Post year end, QBiotics launched a Prospectus Offer to raise up to \$40 million, with a minimum of \$5 million, providing an opportunity to accelerate development across both lead clinical programmes and further strengthen QBiotics' commercial position. On 17 September 2026, the Company lodged a supplementary prospectus with the Australian Securities and Investments Commission (ASIC) to provide investors with additional disclosure regarding a \$4.5 million R&D loan facility entered into with Endpoints Capital Pty Ltd, secured against the Company's anticipated FY26 Research and Development Tax Incentive (RDTI). The facility provides early access to a portion of the anticipated RDTI refund to extend the Company's cash runway and support ongoing development activities. The supplementary prospectus also updated certain pro forma financial information, risk factors, material contracts and related disclosures, and extended the closing date of the Offer to 30 September 2026. Following the lodgement of this annual report with ASIC for the year ended 30 June 2026, the Company intends to lodge a second supplementary prospectus. The second supplementary prospectus will update the prospectus to include the Company's audited financial statements and financial information for the year ended 30 June 2026 and will extend the closing date of the offer to 23 October 2026.

2026-2027 Outlook

The QBiotics team continues to act with urgency as we execute against our three pillars: **Cash, Customers** and **Culture**. We remain focused on delivering to strategy and creating long-term shareholder value.

Key priorities for the year ahead include augmenting the tigilanol tiglate oncology programme for a commercial partnership with a large pharmaceutical company, progressing development activities in our breast cancer trial in collaboration with Unicancer and other future oncology indications including liver cancer, and continuing the clinical advancement of EBC-1013. The Company will also maintain its focus on translational research, intellectual property expansion and discovery activities that support long-term pipeline growth.

Commercially, QBiotics will continue partnering discussions for tigilanol tiglate, pursue opportunities to maximise the value of STELFONTA®, and expand engagement with global investors, strategic stakeholders and potential collaborators.

With multiple clinical catalysts anticipated across both lead programmes and a diversified portfolio of development opportunities, QBiotics is well positioned to pursue its next phase of growth and continue building long-term value for shareholders.

We look forward to sharing our progress with you throughout the year.

¹ Operational cash burn is a non-IFRS financial measure. The measure is net cash used in operating activities divided by twelve.



02

Director's Report

QBIOTICS GROUP LIMITED

Directors' report

For the year ended 30 June 2026

The directors of QBiotics Group Limited (the “Company” or “QBiotics Group”) present their report together with the consolidated financial statements for the year ended 30 June 2026 and the auditor's report thereon.

1. Directors

The current directors of the Company, their qualifications, experience and special responsibilities are listed below. A list of the directors of the Company that served from the beginning of the financial year, unless otherwise stated are set out in Section 3 “Meeting Attendance”.



Mr Simon Pollard
BA (Economics) LLB LLM

Non-executive Chair

Mr Pollard is an experienced director and senior executive with deep expertise in strategy, governance, capital markets and global commercialisation. He has a strong understanding of the QBiotics business, having initially invested in the company and later serving as Chief Commercial Officer from 2016 to 2019.

Over the past 25 years, Mr Pollard has held senior leadership roles at global organisations in the technology sector, including Macquarie Group, IBM and HSBC. He has led large-scale operations and driven sustained revenue growth across Asia-Pacific, Europe and the United States.

Simon brings significant Board, Chair and advisory experience across public and private companies, with a strong track record in capital raising, partnerships, M&A and value creation, including the successful commercialisation of healthcare, life sciences and technology assets.

In recent years, Simon has focused on Non-executive Director roles, mentoring, and investing in startups across biotech, enterprise software, AI and strategy consulting. He is also Chairman of Yarken, and of Valorica.

Earlier in his career, Simon was a Partner and Co-Head of the Technology Law practice at Gilbert+Tobin, Lawyers. Simon holds a BA in Economics, an LLB and LLM.

Simon was appointed as director of QBiotics Group on 18 December 2025.



Ms Ebru Davidson
B.Sc. JD (Hons) AGIA AGC GAICD

Interim Chief Executive Officer & Managing Director

Ebru Davidson brings extensive commercial, legal and governance expertise to QBiotics, with more than 17 years' experience advising listed and unlisted companies on equity capital markets, Mergers & Acquisitions, complex corporate transactions and regulatory matters. She has advised on a number of significant capital markets transactions and brings deep expertise in growth-stage companies and regulatory frameworks. Ms Davidson was an advisor to QBiotics between 2015-2021.

Since joining QBiotics as General Counsel in 2021, Ms Davidson has been deeply involved in Board matters, investor engagement, strategy development and corporate governance, playing a key role in supporting the Company's strategic and capital markets objectives. Prior to joining QBiotics, she was a partner in Thomson Geer's Equity Capital Markets team.

Ms Davidson holds a Bachelor of Science from the University of Melbourne and a Juris Doctor (Honours) from Bond University. She is an Associate Member of the Governance Institute of Australia, having completed a Graduate Diploma of Applied Corporate Governance, and is a graduate of the Australian Institute of Company Directors. Ms Davidson currently serves as a Non-Executive Director of Kazia Therapeutics Limited (NASDAQ: KZIA) and Non-Executive Director of the Centre for Eye Research Australia.

Ebru was appointed as director of QBiotics Group on 18 December 2025.

QBiotics Group Limited
Directors' report
For the year ended 30 June 2026



Dr Paul Reddell
BSc (Hons) PhD FAICD

Executive Director and Chief Scientific Officer

Dr Paul Reddell is Co-Founder and has served as Chief Scientific Officer across companies in the QBiotics Group since their inception in 2000. He brings deep scientific expertise together with extensive strategic and practical leadership experience to advance the company's complex, multi-institutional R&D programmes from discovery toward commercialisation.

Paul's executive responsibilities in QBiotics include leading the company's in-house and contract preclinical R&D programmes, managing intellectual property strategy, and communicating and translating research outcomes to an international network of scientists, clinicians and potential pharmaceutical industry partners. He also oversees the company's farm operations that support future commercial supply of tigilanol tiglate and EBC-1013.

Prior to co-founding the QBiotics Group, Paul was an internationally recognised expert in tropical forest ecology and held senior scientific leadership roles with CSIRO (the Australian Government's national research organisation) and with an environmental consulting business in the Rio Tinto group.

Paul has a PhD and a Bachelor of Science (First Class Honours) from the University of Western Australia. He is a Fellow of the Australian Institute of Company Directors (FAICD) and a member of the European Society of Medical Oncology (ESMO) and the European Society of Clinical Microbiology and Infectious Diseases (ESCMID). He has also served as an independent member of the Australian Department of Health's Gene Technology Technical Advisory Committee.

Paul was appointed as director of QBiotics Group on 24 February 2017 and is also a director of the QBiotics Group's wholly owned subsidiary companies, QBiotics Pty Ltd, EcoBiotics Pty Ltd, QBiotics Netherlands B.V. and QBiotics UK Limited.



Dr Victoria Gordon
BAppSc (Hons) PhD GAICD

Executive Director and Chief Strategy Officer

Dr Victoria Gordon is a biotechnology executive and company founder with more than 25 years' experience spanning drug discovery and development, commercialisation, strategic partnerships, investment, investor relations, and corporate governance. Victoria co-founded biodiscovery company EcoBiotics in 2000 following an earlier career as a research scientist in chemical ecology with Australia's Commonwealth Scientific and Industrial Research Organisation (CSIRO). She established QBiotics in

2010 to advance EcoBiotics' pharmaceutical development programmes. In 2017, she led the merger of EcoBiotics and QBiotics to form the QBiotics Group. Victoria served as Managing Director and Chief Executive Officer of the QBiotics Group from its inception in March 2000 until November 2023 then taking a position as Chief Strategy Officer from January 2026. She serves as an Executive Director of the QBiotics Group and its wholly owned subsidiaries, including QBiotics Pty Ltd, EcoBiotics Pty Ltd, QBiotics Netherlands B.V., and QBiotics UK Limited.

In recognition of her contributions to medical innovation, Victoria was elected a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE) in 2025.

Victoria's governance and advisory experience includes roles as a Non-Executive Director (NED) of Biopharmaceuticals Australia and NED and Non-Executive Chairman of the Australian Rainforest Foundation. She has also served on multiple state and federal advisory bodies, including the Queensland Government Biotechnology Advisory Council, the Federal Government Expert Forum on Biomedicine, the Federal Government Expert Forum on Environmental Biotechnology, and the Queensland Government Science Education Taskforce. In 2004 Victoria received recognition from the Queensland Premier for her service to the biotechnology industry. Her previous positions include management of commercial research for Boral Timber Division and lecturing in industrial mycology and plant tissue culture at the University of Tasmania.

Victoria holds a PhD in Microbiology, a Bachelor of Applied Science (Honours) in Chemistry and Biology, diplomas in human and animal health, a Bachelor of Arts (Honours) in Archaeology, is a Graduate of the

QBIOTICS GROUP LIMITED

Directors' report

For the year ended 30 June 2026

Australian Institute of Company Directors (GAICD) and is a member of the European Society of Medical Oncology (ESMO).

Victoria was appointed as director of QBiotics Group on 24 February 2017 and is also a director of the QBiotics Group's wholly owned subsidiary companies, QBiotics Pty Ltd, EcoBiotics Pty Ltd, QBiotics Netherlands B.V. and QBiotics UK Limited.



Mr Geoff Miller
BSc (Hons)

Non-executive Director

Mr Geoff Miller is an experienced chairman and Non-executive Director with deep expertise in capital markets, corporate finance, governance and the commercialisation of growth-stage life sciences and financial services businesses. He brings to QBiotics more than two decades of board-level experience in listed companies across multiple jurisdictions and exchanges.

Over his career, Geoff has held chair and Non-executive Director roles at a number of listed and private companies, varying in size from micro-cap businesses to multi-billion-dollar multinationals. He is currently Chairman of TSP Advanced Technologies plc (AQSE: TSP), a UK-listed medical device company developing screw-free spinal implant technology, as well as the Director of a number of private companies in life sciences and financial services.

Geoff brings significant experience in fundraising, M&A, IPO readiness and shareholder engagement, having led and supported capital raises across both public and private markets and acted on the boards of companies with portfolios spanning real estate, specialty finance, insurance and life sciences.

Earlier in his career, Geoff co-founded a Guernsey-based venture capital business and held senior roles in equity research and investment management in the City of London.

Geoff is also the Chair of the Company's Remuneration Committee and Audit and Risk Management Committee. Geoff was appointed as director of QBiotics Group on 15 June 2026.

2. Company secretary



Ms Elissa Hansen
B.Comm, Grad Dip Applied CorpGov, GAICD, FGIA

Company Secretary

Elissa has over 20 years' experience advising boards and management on corporate governance, compliance, investor relations and other corporate related issues. She has worked with boards and management of a range of ASX listed companies including assisting companies through the IPO process. Elissa is a Chartered Secretary who brings best practice governance advice, ensuring compliance with the Listing Rules, Corporations Act and other relevant legislation.

Elissa is a Fellow of the Governance Institute of Australia and Graduate Member of the Australian Institute of Company Directors. Elissa has a Bachelor of Commerce and a Graduate Diploma in Applied Corporate Governance.

Elissa was appointed Company Secretary on 23 January 2026.

QBiotics Group Limited
Directors' report
For the year ended 30 June 2026

3. Directors' meeting attendance

The number of directors' meetings and committee meetings attended by each director during the financial year are:

Director	Board meetings		Audit and Risk Committee meetings		Remuneration Committee meetings	
	A	B	A	B	A	B
Mr Simon Pollard ¹	2	2	-	-	-	-
Ms Ebru Davidson ²	2	2	-	-	-	-
Dr Paul Reddell	8	8	-	-	-	-
Dr Victoria Gordon	8	8	-	-	1	1
Mr Geoff Miller ³	-	-	-	-	-	-
Mr Mark Fladrich ⁴	5	5	2	1	1	1
Mr Stephen Doyle ⁵	5	5	-	-	-	-
Mr David Phillips ⁶	5	5	2	2	1	1
Mr Sergio Duchini ⁷	5	5	2	2	-	-

A = Number of meetings attended

B = Number of meetings held during the time the director was eligible to attend or invited to attend

¹ Mr Simon Pollard was appointed as Non-Executive Chair on 18 December 2025.

² Mrs Ebru Davidson was appointed Interim CEO and Managing Director on 18 December 2025.

³ Mr Geoff Miller was appointed as a non-executive director on 15 June 2026.

⁴ Mr Mark Fladrich, who was appointed to the Board on 20 May 2024, resigned as non-executive chair on 3 December 2025.

⁵ Mr Stephen Doyle, who was appointed to the Board on 22 October 2024, resigned as CEO and Managing Director on 3 December 2025.

⁶ Mr David Phillips, who was appointed to the Board on 20 May 2024, resigned as a non-executive director on 18 December 2025.

⁷ Mr Sergio Duchini who was appointed to the Board on 1 July 2025, resigned as a non-executive director on 3 December 2025.

4. Company particulars

The Company is incorporated in Australia. The address of the registered office is Level 6, 25 King Street, Bowen Hills, Queensland, 4006.

5. Principal activities

The principal activity of the Group, comprising the Company and its subsidiaries (together referred to as "the Group"), during the period was the research, development and commercialisation of biologically active new chemical entities for application as human and veterinary pharmaceuticals.

The Group's primary focus during the year was on the research and development of the anticancer drug tigilanol tiglate and the wound healing drug candidate EBC-1013. The Group also progressed the early-stage research and development programmes for antimicrobial and anti-inflammatory products as well as explore possible non-pharmaceutical products.

The Group's commercialisation activities focused on securing an international licensing or collaboration partner for the tigilanol tiglate human oncology programme and marketing of QBiotics' veterinary oncology pharmaceutical STELFONTA®, through the Group's marketing and distribution partner Virbac.

There were no significant changes in the nature of the Group's principal activities during the year.

6. Operating and financial review

The Group reported a loss for the year ended 30 June 2026 of \$16,819,711 (year ended 30 June 2025: \$20,633,392) and recognised a R&D tax incentive of \$5,635,086 for the year ended on that date (year ended 30 June 2025: \$6,476,542) which the Group will claim at the end of the financial year. There have been no significant changes in the state of affairs of the Group during the year.

QBIOTICS GROUP LIMITED
Directors' report
For the year ended 30 June 2026

7. Dividends

No dividends were paid or declared by the Company since the end of the previous financial year.

8. Events subsequent to the reporting date

Other than as set out below, no matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Transition agreement with Virbac

Subsequent to year end, on 31 July 2026, the Group signed a Transition Agreement with Virbac under which Virbac will continue as the customer for the sales, marketing and distribution of STELFONTA® in the USA until 31 December 2027, and in all other markets until 31 December 2026. At the conclusion of the transition arrangements in each region, QBiotics will become responsible for the sale, marketing and distribution of STELFONTA®. The transition agreement did not alter the Group's right to sales-based revenue during the period it covers.

Prospectus

On 12 August 2026, the Company issued a replacement prospectus, followed by a supplementary prospectus on 17 September 2026. Following the lodgement of this annual report with ASIC for the year ended 30 June 2026, the Company intends to lodge a second supplementary prospectus. The second supplementary prospectus will update the prospectus to include the Company's audited financial statements and financial information for the year ended 30 June 2026 and will extend the closing date of the offer to 23 October 2026.

Secured loan facility

On 16 September 2026, the Company entered into a Secured Loan Agreement and a Specific and Featherweight Security Agreement with Endpoints Capital Pty Ltd, under which Endpoints agreed to advance \$4,500,000 to the Company to be used wholly or substantially for eligible research and development expenditure. The loan bears interest at approximately 15% per annum (24% per annum on any overdue amount), was fully drawn down on 21 September 2026, and is repayable on the earlier of the date the Company receives its refundable R&D tax offset for the year ended 30 June 2026 and 31 March 2027. The facility is secured by a specific charge over the Company's rights to that refund and a general security interest over the Company's other present and future property and is subject to covenants including a minimum liquidity requirement of \$1,000,000 and restrictions on the Group granting further security over its assets or paying dividends while amounts remain outstanding.

Further details of these matters are set out in Note 28 to the financial statements.

9. Likely developments

The Group will continue to undertake research, development and commercialisation of biologically active new chemical entities for application as human and veterinary pharmaceuticals. Information on likely developments in the operations of the Group is included in the Year in Review section on page 8.

10. Environmental regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

QBiotech Group Limited
Directors' report
For the year ended 30 June 2026

11. Share options

All options were granted in previous financial years. No options have been granted since the end of the financial year. At the date of this report unissued shares of the Group under option are listed below. Further details on the options are set out in Note 20 to the Financial Statements.

Exercise price	Number of options	Expiry Date
ZEPOs	120,517	29 January 2027
ZEPOs	90,238	16 June 2027
ZEPOs	2,524,816	30 January 2028
\$1.510	329,326	31 March 2027
\$1.510	482,334	19 April 2027

(a) Shares issued on exercise of options

Since the end of the financial year, the Group issued 137,970 ordinary shares to previous Directors of the Company as a result of the exercise of zero-priced options.

12. Indemnification and insurance of officers and auditors

(a) Indemnification

To the extent permitted by law and subject to the restrictions in section 199A of the *Corporations Act 2001*, the Group indemnifies and must continually indemnify every person who is or has been an officer of the Group (including a director or secretary) against liability (including liability for costs and expenses) incurred by that person as an officer of the Group where the Group requested the officer to accept that appointment, except where the liability arises out of conduct involving a lack of good faith.

(b) Insurance premiums

The Group has paid insurance premiums in respect of directors' and officers' liability insurance contracts for current directors and officers, including company secretaries and officers or holders of equivalent positions in any jurisdiction of the Group. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

13. Auditor's independence declaration

The auditor's independence declaration (made under section 307C of the *Corporations Act 2001*) is set out on page 54 and forms part of this directors' report for the year ended 30 June 2026.

This directors' report is made out in accordance with a resolution of the directors:



Simon Pollard

Chair

Dated at Sydney this 30th day of September 2026.



03

Consolidated Financial Statements



The background of the page features a dark blue gradient with various financial data visualizations. In the top right, there is a large, stylized graphic of an eye composed of concentric, curved lines. The lower half of the page is filled with faint, overlapping charts, including a candlestick chart, a line graph, and a bar chart, all rendered in a lighter blue or yellowish-gold color.

QBiotech Group Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Revenue	4	1,202,972	838,533
Government grants	5	6,772,497	6,476,542
Other income		14,093	16,484
		7,989,562	7,331,559
Expenses			
Changes in inventories		(122,465)	187,945
Inventory purchases		565,171	193,468
Write-downs of inventories to net realisable value	11	712,258	1,373,550
Business compliance and advisory expenses		1,502,367	1,116,133
Depreciation and amortisation expenses		961,294	924,335
Facilities expenses		386,411	256,184
Personnel expenses	18(b)	9,517,699	11,199,799
Research and development contractors and related expenses		9,694,597	11,667,799
Marketing contractors and regulatory expenses		824,555	1,040,907
Technology and communications expenses		413,121	500,487
Travel and accommodation expenses		606,209	1,109,954
Other expenses		281,598	341,400
Total expenses		25,342,815	29,911,961
Results from operating activities		(17,353,253)	(22,580,402)
Finance income		561,323	2,006,986
Finance costs		(27,781)	(59,976)
Net finance income		533,542	1,947,010
Loss before tax		(16,819,711)	(20,633,392)
Tax expense	6(a)	-	-
Loss for the year		(16,819,711)	(20,633,392)
Other comprehensive income		-	-
Total comprehensive loss for the year		(16,819,711)	(20,633,392)
Attributable to:			
Owners of the Company		(16,819,711)	(20,633,392)
Earnings per share:		Cents	Cents
Basic earnings per share	7(a)	(3.43)	(4.22)
Diluted earnings per share	7(b)	(3.43)	(4.22)

The notes on pages 20 to 49 are an integral part of these financial statements.

QBiotech Group Limited
Consolidated statement of financial position
As at 30 June 2026

	Note	2026 \$	2025 \$
Assets			
Cash and cash equivalents	8	11,150,771	10,293,631
Term deposits	9	1,343,065	15,461,142
Trade and other receivables	10	6,790,238	7,005,757
Contract assets	4(b)	359,417	332,732
Inventories	11	-	589,793
Prepayments	12	947,760	2,936,228
Total current assets		20,591,251	36,619,283
Contract assets	4(b)	203,850	152,894
Property, plant and equipment	13	2,455,441	3,015,616
Right-of-use assets	14	110,946	391,808
Intangible assets	15	330,405	358,101
Total non-current assets		3,100,642	3,918,419
Total assets		23,691,893	40,537,702
Liabilities			
Trade and other payables	16	2,501,775	2,227,064
Lease liabilities	17	122,361	330,000
Employee benefits	18	1,368,652	1,589,359
Total current liabilities		3,992,788	4,146,423
Lease liabilities	17	608	107,600
Provisions		28,132	26,106
Employee benefits	18	201,930	289,805
Total non-current liabilities		230,670	423,511
Total liabilities		4,223,458	4,569,934
Net assets		19,468,435	35,967,768
Equity			
Share capital	19	191,634,132	190,843,656
Share-based payments reserve	20	1,055,682	2,752,068
Accumulated losses		(173,221,379)	(157,627,956)
Total equity		19,468,435	35,967,768

The notes on pages 20 to 49 are an integral part of these financial statements.

QBiotech Group Limited
Consolidated statement of changes in equity
For the year ended 30 June 2026

	Note	Attributable to owners of the Company			
		Share capital \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024		189,989,433	2,997,840	(137,244,951)	55,742,322
Total comprehensive loss for the year					
Loss for the year		-	-	(20,633,392)	(20,633,392)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(20,633,392)	(20,633,392)
Transactions with owners of the Company, recognised directly in equity					
<i>Contributions by owners</i>					
Options exercised	20	755,983	(755,983)	-	-
Share-based payment transactions	19,20	98,240	760,598	-	858,838
Transfer to accumulated losses	20	-	(250,387)	250,387	-
Total contributions by owners of the Company		854,223	(245,772)	250,387	858,838
Balance at 30 June 2025		190,843,656	2,752,068	(157,627,956)	35,967,768
Balance at 1 July 2025		190,843,656	2,752,068	(157,627,956)	35,967,768
Total comprehensive loss for the year					
Loss for the year		-	-	(16,819,711)	(16,819,711)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(16,819,711)	(16,819,711)
Transactions with owners of the Company, recognised directly in equity					
<i>Contributions by owners</i>					
Options exercised	20	742,851	(742,851)	-	-
Share-based payment transactions	19,20	47,625	272,753	-	320,378
Transfer to accumulated losses	20	-	(1,226,288)	1,226,288	-
Total contributions by owners of the Company		790,476	(1,696,386)	1,226,288	320,378
Balance at 30 June 2026		191,634,132	1,055,682	(173,221,379)	19,468,435

The notes on pages 20 to 49 are an integral part of these financial statements.

QBiotech Group Limited
Consolidated statement of cash flows
For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Cash flows from operating activities			
Cash received from:			
Government grants		7,645,503	7,366,757
Customers		306,703	1,286,737
GST refunds		767,818	781,646
Other income		8,230	8,008
Cash paid to suppliers and employees		(22,623,781)	(28,307,910)
Net cash used in operating activities	22	(13,895,527)	(18,864,762)
Cash flows from investing activities			
Interest received		1,059,043	1,925,340
Transfer from term deposits		14,118,077	21,090,828
Proceeds from sale of property, plant and equipment		2,909	56,546
Acquisition of property, plant and equipment	13	(82,205)	(247,283)
Acquisition of intangibles	15	(8,000)	-
Net cash from investing activities		15,089,824	22,825,431
Cash flows from financing activities			
Payment of lease liabilities	17	(337,157)	(594,331)
Net cash used in financing activities		(337,157)	(594,331)
Net increase in cash and cash equivalents		857,140	3,366,338
Cash and cash equivalents at 1 July		10,293,631	6,927,293
Cash and cash equivalents at 30 June		11,150,771	10,293,631

Cash and cash equivalents at 30 June 2026 referred to above does not include term deposits of \$1,343,065 (2025: \$15,461,142) disclosed separately in the statement of financial position.

The notes on pages 20 to 49 are an integral part of these financial statements.

QBiotics Group Limited

Notes to the consolidated financial statements

For the year ended 30 June 2026

1. Corporate information

QBiotics Group Limited (the “Company” or “QBiotics Group”) is a public unlisted company domiciled in Australia. The address of the Company’s registered office is Level 6, 25 King Street, Bowen Hills, Queensland 4006. These consolidated financial statements (“financial statements”) as at and for the year ended 30 June 2026 comprise the Company and its subsidiaries (together referred to as “the Group”). As at 30 June 2026, the Company had four, wholly-owned legal subsidiaries: QBiotics Pty Ltd (“QBiotics”), EcoBiotics Pty Ltd (“EcoBiotics”), QBiotics Netherlands B.V. (“QBiotics Netherlands”) and QBiotics UK Limited (“QBiotics UK”).

The Group is for-profit and is primarily involved in the development of pharmaceuticals for the human and veterinary markets.

At 30 June 2026 the Company has 2600 shareholders (2025: 2,600) and is a disclosing entity.

2. Basis of preparation

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (“AASBs”) adopted by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (“IFRSs”) and interpretations adopted by the International Accounting Standards Board (“IASB”).

The financial statements were approved by the Board of Directors on the date shown on the directors’ declaration.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised and disclosed in the financial statements is included in the following notes:

- Note 4 – Revenue;
- Note 5 – Government grants;
- Note 6 – Taxes;
- Note 11 – Inventory;
- Note 17 – Lease liabilities;
- Note 19 – Share capital; and
- Note 20 – Share-based payments reserve

(d) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the functional currency of QBiotics Group, QBiotics, EcoBiotics, QBiotics Netherlands and QBiotics UK.

Foreign exchange losses of \$192,062 (2025: gains of \$320,815) are included within finance income in the consolidated statement of profit or loss and other comprehensive income.

QBiotech Group Limited
Notes to the consolidated financial statements
For the year ended 30 June 2026

2. Basis of preparation (continued)

(e) Going concern

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

The Group has a history of losses. For the year ended 30 June 2026, the Group incurred a loss before tax of \$16,819,711 (2025: \$20,633,392) and had net cash outflows from operating activities of \$13,895,527 (2025: \$18,864,762). As of 30 June 2026, the Group had cash and cash equivalents and term deposits of \$12,493,836 (2025: \$25,754,773) and net current assets of \$16,598,463 (2025: \$32,472,860).

The ability of the Group to continue as a going concern and be able to pay its debts as and when they fall due is contingent upon periodic capital raising to support research and development activities. To that end, the Group monitors cashflow closely against a detailed cashflow forecast which is periodically updated in line with actuals and changes in anticipated future spend to ensure the Group operates as a going concern. The combined cash position and forecast is reviewed by the Directors who continue to assess the funding requirements of the Group, including the potential to raise capital or consider other sources of financing, if required. The Directors' assessment covers a period of at least twelve months from the expected date of approval of these financial statements.

Management's forecast indicates that, assuming successful completion of the minimum capital raising of \$5 million and financing activities described below, the Group would have sufficient cash to meet its obligations throughout the assessment period.

The Company issued a replacement prospectus on 12 August 2026 and a supplementary prospectus on 17 September 2026, which will stay open for acceptances upon the issuance of a second supplementary prospectus following the lodgement of the Group's audited financial statements for the year ended 30 June 2026.

In addition to the prospectus, the Group continues to progress a range of other funding initiatives, including engagement with existing and prospective institutional and wholesale investors and the engagement of corporate advisers to assist in sourcing additional capital. Should these initiatives not be successful, the Group has identified expenditure that could be deferred or reduced to preserve cash.

Subsequent to year end, on 16 September 2026, the Company entered into a Secured Loan Agreement with Endpoints Capital Pty Ltd (Endpoints) under which Endpoints agreed to advance \$4,500,000 to the Company (to be applied wholly or substantially towards eligible research and development expenditure), secured against the Group's anticipated refundable R&D tax offset for the year ended 30 June 2026 and by a general security interest over the Group's other assets (refer Note 28). This funding was drawn down on 21 September 2026 and provides the Group with additional liquidity ahead of receipt of that refund and has been considered by the Directors in assessing the funding requirements of the Group referred to above.

Should additional funding not be obtained, there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements and continue its operations for the foreseeable future. The Directors believe that the Group will be successful in obtaining a capital raise and accordingly have prepared the accounts on a going concern basis. No adjustments have been made to the financial statements relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should the group not continue as a going concern.

3. Operating segments

(a) Basis of segmentation

The Board has been identified as the Group's chief operating decision maker. The Board assesses the financial performance and position of the Group and makes strategic and operational decisions. The Group is primarily involved in the development of pharmaceuticals for the human and veterinary markets and has one revenue generating product, STELFONTA®. Consequently, the Group only has one reportable operating segment. All assets and liabilities are attributable to the single segment.

QBiotics Group Limited
Notes to the consolidated financial statements
For the year ended 30 June 2026

3. Operating segments (continued)

(b) Geographic information

The geographic information analyses the Group's revenue and non-current assets by the company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	Revenue by location of customer		Non-current assets by location of asset	
	2026	2025	2026	2025
	\$	\$	\$	\$
Australia	-	-	2,896,695	3,762,500
US	1,121,504	981,049	203,850	53,814
France	81,468	(142,516)	-	99,080
United Kingdom	-	-	97	3,025
	1,202,972	838,533	3,100,642	3,918,419

(c) Major customer

Revenues from one customer of the Group's commercial segment represent all of the Group's total revenues.

4. Revenue

(a) Disaggregated revenue

The Group's revenue disaggregated is as follows:

	Note	2026	2025
		\$	\$
Point in time			
Fixed fee product sales		795,798	796,730
Variable consideration - sales-based revenues	4(b)(i)	407,174	(140,888)
Variable consideration - milestone revenues		-	182,691
Total drug sale revenue		1,202,972	838,533

(b) Contract balances

The Group has contractual arrangements in place with a customer relating to the sale, marketing and distribution of STELFONTA®. Subsequent to year end on 31 July 2026, the Group signed a Transition Agreement under which the customer would continue with the sales, marketing and distribution of STELFONTA® in the USA until 31 December 2027 and in all other markets until 31 December 2026. At the conclusion of the transition agreement in each region, QBiotics will become responsible for the sale, marketing and distribution of STELFONTA®. The transition agreement did not alter the Group's right to sales-based revenue during the period covered by the Transition Agreement.

The related contract assets at 30 June 2026 of \$563,267 (2025: \$ 485,626) primarily relate to the Group's rights to sales-based revenue for product delivered at the reporting date. The amount of the contract asset is based on future sales of the product by the customer and is estimated using the contract terms, the terms of the transition agreement and the most likely sales outcomes. The contract assets will be transferred to receivables when the rights become unconditional. The rights become unconditional at 31 December each year in respect of the sales during the preceding 12 months.

QBiotech Group Limited
Notes to the consolidated financial statements
For the year ended 30 June 2026

4. Revenue (continued)

(b) Contract balances

	2026	2025
	\$	\$
Balance at 1 July	485,626	976,934
Revenue recognised	407,174	(140,888)
Amount invoiced	(312,060)	(438,639)
Foreign exchange movements in asset	(17,473)	88,219
Balance at 30 June	563,267	485,626

Current contract assets	359,417	332,732
Non-current contract assets	203,850	152,894
Total contract assets	563,267	485,626

During the year ended 30 June 2026, contract assets related to sales-based revenue were remeasured to reflect the customers likely sales outcomes during the period of the Transition Agreement. This resulted in an increase to contract assets in the current year of \$407,174 (2025: decrease of \$140,888).

The contract liabilities related to two milestone payments received from the customer relating to the sale, marketing and distribution of STELFONTA® for which revenue is recognised. The amounts related to the two milestones were recognised into revenue between February 2020 and June 2025 as product was shipped by the Group to the customer within the original contract period.

(i) Contract liabilities

Balance at 1 July	-	182,691
Contract liability recognised in revenue	-	(182,691)
Balance at 30 June	-	-

Current contract liability	-	-
Non-current contract liability	-	-
Total contract liabilities	-	-

(c) Performance obligations and revenue recognition policies

All the Company's revenues are sourced from one customer. Revenue is measured based on the consideration specified in contracts with the customer. The Group recognises revenue when it transfers control over a good or service to its customer.

Information about the nature and timing of the satisfaction of performance obligations in contracts with its customer, including significant payment terms, and the related revenue recognition policies are set out below.

Under the terms of the contracts with its customer, the Group has three forms of consideration: (i) drug product sales, (ii) sales-based revenue, and (iii) milestone payments. While the contract with its customer outlines a number of forms of consideration, the Group has concluded that there is only one performance obligation, and the three forms of consideration are effectively recognised based on the actual product delivered and measured at a point in time.

(i) Drug product sales

QBiotech's customer obtains control of the drug product when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time based on fixed unit prices. Invoices are usually payable within 60 days. No discounts are provided for under the contracts.

QBiotech Group Limited
Notes to the consolidated financial statements
For the year ended 30 June 2026

4. Revenue (continued)

(c) Performance obligations and revenue recognition policies (continued)

(i) Drug product sales (continued)

Revenue recognition policies

Revenue is recognised when the goods are delivered and have been accepted by the customer at their premises.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of revenue recognised for the contract will not occur, in which instance, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for the specific type of product. In these circumstances, a refund liability and an asset representing the right to recover returned goods are recognised.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included as a right of return asset. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

(ii) Sales-based revenue

In addition to drug product sales, sales-based revenue is based on a percentage of the customer's sale of the drug product as set out in the contracts with the customer and is therefore considered variable consideration. Invoices are generated following the completion of the customer's year-end audit and are usually payable within 60 days.

Revenue recognition policies

Sales-based revenue not yet invoiced under the contract are recorded as contract assets within the consolidated statement of financial position. Amounts expected to be invoiced within the 12 months following the end of the financial period are classified as current assets. Amounts not expected to be invoiced within 12 months following the end of the financial period are classified as non-current assets. Where recognition as revenue has occurred more than 12 months prior to invoicing, consideration is made as to whether a financing arrangement has been entered into. At reporting date, no such contracts have been identified.

(iii) Milestone payments

Under the terms of the contracts with the customer, the receipt of milestone payments is contingent on meeting certain regulatory or commercial targets and is therefore considered variable consideration. Invoices are generated following the achievement of the regulatory or commercial target and are usually payable within 60 days.

Revenue recognition policies

Milestone payments that are contingent upon events not within the control of the Group, such as regulatory approvals, are considered subject to constraint and not recognised until they are highly probable of being achieved. When consideration for milestones is able to be reliably estimated and not constrained, revenue is recognised based on the volume of sales made during the period with reference to the total forecast sales volume over the life of the contract.

Milestone payments received prior to satisfying the revenue recognition criteria are recorded as contract liabilities within the consolidated statement of financial position. Amounts expected to be recognised as revenue within the 12 months following the end of the financial period are classified as current liabilities. Amounts not expected to be recognised as revenue within 12 months following the end of the financial period are classified as non-current liabilities. Where recognition as revenue is expected to extend beyond 12 months following the date of the contract becoming effective, consideration is made as to whether a financing arrangement has been entered into. At reporting date, no such contracts have been identified.

QBiotech Group Limited
Notes to the consolidated financial statements
For the year ended 30 June 2026

5. Government grants

(a) Research and development tax incentive

The Group undertakes research and development activities which are eligible for tax incentives under the Australian Government's *R&D Tax Incentive* at the rate of 43.5% (2025: 43.5%) of eligible research and development costs. Management assesses the Group's activities and expenditures to determine which are eligible for the incentive. Where expenditure is incurred outside Australia, an "overseas finding" must be obtained from AusIndustry in order for the expenditure to be eligible for the incentive. Incentives are only recognised in profit or loss once an overseas finding certificate has been received in respect of activities undertaken overseas.

At 30 June 2026 an amount of \$5,635,086 (2025: \$6,476,542) has been recognised as a government grant. An amount of \$1,137,411 which was not recognised at 30 June 2025 as the Group had not received the required overseas finding certificate was recognised as a government grant during the year ended 30 June 2026. A further \$283,686 (2025: \$1,137,411) has not been recognised as the Group has not yet received the required overseas finding certificate for which an application has been lodged and is awaiting approval.

(b) Material accounting policies – government grants

(i) Tax incentives

The Group recognises R&D tax incentives as a government grant when there is reasonable assurance that the grant will be received and all conditions have been complied with. The grant is recognised in profit or loss on a systematic basis over the periods in which the Group recognised as expenses the related eligible research and development activities which the grant is intended to compensate.

(ii) Other government grants and incentives

Other government grants and incentives are recognised when there is reasonable assurance that the grant will be received, and all conditions have been complied with.

6. Taxes

(a) Tax expense

(i) Tax recognised in profit or loss

	2026 \$	2025 \$
Current year tax expense	-	-
Deferred tax expenses		
Origination and reversal of temporary differences	447,030	(124,528)
Change in unrecognised deductible temporary difference	(447,030)	124,528
Total tax expense	-	-

(ii) Tax recognised directly in equity

Origination and reversal of temporary differences	(49,206)
Change in unrecognised deductible temporary differences	49,206
Total tax recognised directly in equity	-

QBiotech Group Limited
Notes to the consolidated financial statements
For the year ended 30 June 2026

6. Taxes (continued)

(b) Reconciliation between tax expense and loss before tax

	2026	2025
	\$	\$
Loss before tax	(16,819,711)	(20,633,392)
Tax benefit using the expected, future domestic corporation tax rate of 25% (2025: 25%)	(4,204,928)	(5,158,348)
Increase/(decrease) in tax expense due to:		
Non-temporary differences:		
Non-assessable government grant	(1,408,771)	(1,619,136)
Capital raising cost deduction	-	(49,206)
Non-deductible expenses	88,931	220,507
Research and development offset claimed	3,238,555	3,722,150
Impact of lower overseas tax rate	23,368	29,522
	(2,262,845)	(2,854,511)
Current year unrecognised temporary differences	447,030	(124,528)
Reduction in tax rate on overseas losses	(159)	(5,434)
Prior year differences in tax losses	(671,817)	(57,273)
Current year losses for which no deferred tax asset was recognised	2,487,791	3,041,746
Tax expense	-	-

(c) Unrecognised deferred tax assets and liabilities

A deferred tax asset has not been recognised in respect of the following items:

Temporary differences	29,872,481	29,348,320
Tax losses	18,416,699	16,966,375
Total unrecognised deferred tax assets and liabilities	48,289,180	46,314,695

Unrecognised deductible temporary differences our Cairns premise exist in respect of the following items:

Temporary differences impacting profit or loss	3,296,108	2,771,947
Temporary differences impacting profit or loss – on disposal only	26,576,373	26,576,373
Total unrecognised deductible temporary differences	29,872,481	29,348,320

The deductible temporary differences and tax losses do not expire under current tax legislation. Net deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise these benefits.

(d) Material accounting policies - taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

(i) Deferred tax

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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6. Taxes (continued)

(d) Material accounting policies – taxes (continued)

(ii) Tax exposure

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(iii) Tax consolidation

From 1 August 2017, the Company and its wholly-owned Australian resident subsidiaries are part of a tax-consolidated group under Australian tax law. QBiotics Group is the head entity in the tax-consolidated group (the “Head Company”).

Current tax liabilities and assets, and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Head Company.

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 30 June 2026 was based on the loss attributable to ordinary shareholders of \$16,819,711 (2025: loss of \$20,633,392) and a weighted average number of ordinary shares calculated as follows:

	2026	2025
Weighted average number of ordinary shares	#	#
Issued ordinary shares at 1 July	489,512,621	488,429,663
Effect of ordinary shares issued during the year	587,877	66,058
Weighted average number of shares	490,100,498	488,495,721

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 30 June 2026 was based on the loss attributable to ordinary shareholders of \$16,819,711 (2025: loss of \$20,633,392) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2026 of 490,100,498 (2025: 488,495,721).

At 30 June 2026 and 30 June 2025 all ordinary share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

8. Cash and cash equivalents

Petty cash	539	1,200
Bank balances	8,150,232	10,292,431
Short-term term deposits	3,000,000	-
Cash and cash equivalents in the statement of cash flows	11,150,771	10,293,631

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9. Term deposits

The Group holds a variety of short-term term deposits at major Australian banks totalling \$1,343,065 at 30 June 2026 (2025: \$15,461,142). Term deposits with a maturity of less than 90 days are presented as cash equivalents (note 8). The term deposits bear interest rates ranging between 4.25% and 5.40% (2025: 4.15% and 5.03%) and have maturity dates ranging from 31 August 2026 to 25 June 2027 (2025: 3 July 2025 to 25 June 2026). Term deposits totalling \$43,065 secure bank guarantees related to our Cairns premises (2025: \$161,142 secure bank guarantees related to our Cairns and Taringa premise leases).

10. Trade and other receivables

	2026	2025
	\$	\$
Trade receivables	1,130,529	189,136
Accrued interest	24,623	295,429
Amount due from related party (Note 23)	-	13,100
R&D Tax Incentive receivable	5,635,086	6,508,092
Total trade and other receivables	6,790,238	7,005,757

11. Inventories

Current	-	589,793
Non-current	-	-
Total inventories	-	589,793

Raw materials	-	-
Work in progress	-	589,793
Finished goods	-	-
Total inventories	-	589,793

Gross inventories	2,649,308	2,526,843
Less write-downs of inventories to net realisable value	(2,649,308)	(1,937,050)
Total inventories	-	589,793

Finished goods valued at \$222,984 were sold and included in profit and loss as an expense in Changes in inventories (2025: \$220,892).

The write-downs of inventories to net realisable value increased by \$712,258 during the year ended 30 June 2026 due to recognising:

- \$351,898 as a write-down of finished goods until alternate distribution plans for STELFONTA are clear; and
- \$360,360 as a write-down of work in progress due to anticipated product expiry.

(a) Material accounting policies - inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Each class of inventory is assessed at period end and it is identified whether the inventory holding represents a "normal operating cycle". Where the inventory is deemed to be representative of a normal operating cycle, the inventory is classified as current. Should any inventories be identified that exhibit characteristics that diverge from what would be expected in a normal operating cycle, then the inventory level is assessed against planned usage, and any amounts exceeding the anticipated usage within 12 months from the end of the accounting period are classified as non-current.

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12. Prepayments

	2026 \$	2025 \$
Current	947,760	2,936,228
Non-current	-	-
Total prepayments	947,760	2,936,228
Human clinical trial down payments	628,333	2,157,511
Other down payments and deposits	47,858	86,183
Prepayments	271,569	692,534
Total prepayments	947,760	2,936,228

13. Property, plant and equipment

	Land and buildings \$	Plant and equip- ment \$	Furniture and fittings \$	Computer system \$	Assets under con- struction \$	Total \$
Cost						
Balance at 1 July 2024	3,227,611	1,631,376	71,498	198,537	23,768	5,152,790
Additions	77,681	97,688	-	70,242	1,672	247,283
Disposals	-	(116,071)	-	(46,066)	-	(162,137)
Balance at 30 June 2025	3,305,292	1,612,993	71,498	222,713	25,440	5,237,936
Balance at 1 July 2025	3,305,292	1,612,993	71,498	222,713	25,440	5,237,936
Additions	46,946	1,902	2,970	13,618	16,769	82,205
Disposals	(579,887)	(47,252)	(41,403)	(28,280)	-	(696,822)
Balance at 30 June 2026	2,772,351	1,567,643	33,065	208,051	42,209	4,623,319
Accumulated depreciation and impairment losses						
Balance at 1 July 2024	825,717	911,542	37,964	132,164	-	1,907,387
Depreciation for the year	152,207	217,071	4,597	52,160	-	426,035
Disposals	-	(67,920)	-	(43,182)	-	(111,102)
At 30 June 2025	977,924	1,060,693	42,561	141,142	-	2,222,320
Balance at 1 July 2025	977,924	1,060,693	42,561	141,142	-	2,222,320
Depreciation for the year	139,271	194,881	2,795	43,527	-	380,474
Disposals	(344,529)	(38,712)	(27,466)	(24,209)	-	(434,916)
Balance at 30 June 2026	772,666	1,216,862	17,890	160,460	-	2,167,878
Carrying amounts						
At 1 July 2024	2,401,894	719,834	33,534	66,373	23,768	3,245,403
At 30 June 2025	2,327,368	552,300	28,937	81,571	25,440	3,015,616
At 30 June 2026	1,999,685	350,781	15,175	47,591	42,209	2,455,441

QBiotech Group Limited
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13. Property, plant and equipment (continued)

(a) Material accounting policies - property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iii) Assets under construction

During the year, the Company incurred costs of \$16,769 (2025: \$1,672) related to establishing bearer plants on its plantation. Once the bearer plants are mature, these costs will be depreciated over their anticipated useful life. At year end there is no fruit on the bearer plants and therefore no biological asset to be accounted for.

(iv) Depreciation

Land is not depreciated. The estimated useful lives in the current and comparative year of items of property, plant and equipment are as follows:

- Buildings 3 – 40 years
- Plant and equipment 2 – 15 years
- Furniture and fittings 5 – 20 years
- Computer system 3 – 4 years

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

(v) Impairment

See Note 15(b)(iv).

14. Right of use assets

The Group leases assets including land and buildings and office equipment (Note 17). Information about the right-of-use assets resulting from the leases for which the Group is a lessee is presented below:

	Land and buildings	Office Equipment	Total
	\$	\$	\$
Balance at 1 July 2024	781,356	9,650	791,006
Additions	80,028	-	80,028
Depreciation	(476,910)	(2,316)	(479,226)
Balance at 30 June 2025	384,474	7,334	391,808
Balance at 1 July 2025	384,474	7,334	391,808
Additions	5,264	-	5,264
Depreciation	(283,810)	(2,316)	(286,126)
Balance at 30 June 2026	105,928	5,018	110,946

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15. Intangible assets

	Intellectual property \$	Trademarks \$	Water licences \$	Total \$
Cost				
Balance at 1 July 2024	6,899,663	109,624	140,569	7,149,856
Balance at 30 June 2025	6,899,663	109,624	140,569	7,149,856
Balance at 1 July 2025	6,899,663	109,624	140,569	7,149,856
Additions	-	8,000	-	8,000
Balance at 30 June 2026	6,899,663	117,624	140,569	7,157,856
Amortisation and impairment losses				
Balance at 1 July 2024	6,670,589	84,672	-	6,755,261
Amortisation for the year	28,339	8,155	-	36,494
Balance at 30 June 2025	6,698,928	92,827	-	6,791,755
Balance at 1 July 2025	6,698,928	92,827	-	6,791,755
Amortisation for the year	28,339	7,357	-	35,696
Balance at 30 June 2026	6,727,267	100,184	-	6,827,451
Carrying amounts				
At 1 July 2024	229,074	24,952	140,569	394,595
At 30 June 2025	200,735	16,797	140,569	358,101
At 30 June 2026	172,396	17,440	140,569	330,405

(a) Amortisation charge

The amortisation and losses on abandonment are recognised in "Depreciation and amortisation expenses" in the statement of profit or loss and other comprehensive income.

(b) Material accounting policies - intangible assets

(i) Recognition and measurement

Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Patents	All patent costs incurred in acquiring and extending patents are expensed as incurred except to the extent such costs relate to research and development projects which satisfy the above recognition requirements for development costs. Subsequent to initial recognition, patents are measured at cost less accumulated amortisation and any accumulated impairment losses.
Intellectual property	Other intellectual property has a finite useful life and is measured at cost less accumulated amortisation and any accumulated impairment losses.
Trademarks	Trademarks have a finite useful life and are measured at cost less accumulated amortisation and any accumulated impairment losses.
Water licences	Water licences have an indefinite useful life as they do not expire and can be sold. Water licences are measured at cost less accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

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15. Intangible assets (continued)

(b) Material accounting policies - intangible assets (continued)

(iii) Amortisation

Finite-life intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use, that is, when they are in a condition necessary for them to be capable of operating in the manner intended by management. Water licences are not amortised.

(iii) Amortisation (continued)

The estimated useful lives for the current and comparative year are as follows:

- Intellectual property 4 – 15 years
- Trademarks 10 years

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

(iv) Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Water licences are tested annually for impairment by reference to current market prices.

During the year, management assessed internal and external indicators of impairment in respect of the Group's cash-generating units (CGUs) and individual assets. No indicators of impairment were identified as at 30 June 2026. Accordingly, no impairment losses were recognised during the year and no impairment testing was required other than the annual assessment performed for water licences.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to dispose. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. No impairment is reversed in respect of goodwill.

16. Trade and other payables

	2026	2025
	\$	\$
Accrued expenses	2,160,775	1,404,468
Trade and other payables	341,000	822,596
Total trade and other payables	2,501,775	2,227,064

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17. Lease liabilities

	2026 \$	2025 \$
Current lease liabilities	122,361	330,000
Non-current lease liabilities	608	107,600
Total lease liabilities	122,969	437,600

During the year ended 30 June 2026, \$17,262 of interest on lease liabilities was recognised and included in financing costs (2025: \$45,132). Lease payments for the year totalled \$337,157 (2025: \$594,331).

(a) Future minimum lease payments

The Group has leases for its premises in Yungaburra and Cairns as well as some office equipment. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2026 were as follows:

	Minimum lease payments due		
	Within one year \$	One to five years \$	Total \$
30 June 2026			
Lease payments	122,361	4,197	126,558
Finance charges	(3,176)	(413)	(3,589)
Net present values	119,185	3,784	122,969
30 June 2025			
Lease payments	330,000	128,316	458,316
Finance charges	(17,140)	(3,576)	(20,716)
Net present values	312,860	124,740	437,600

(b) Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of a lease liability is as follows:

	2026 \$	2025 \$
Short-term leases	175,056	-
Leases of low value assets	3,812	3,130
Total lease expenses not included in lease liabilities	178,868	3,130

(c) Total cash outflow for leases

Total cash outflow for leases	516,025	597,462
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(d) Material accounting policies - leases

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use-asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

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18. Employee benefits

(a) Annual leave and long service leave

	2026 \$	2025 \$
Current		
Accrued annual leave	913,592	1,104,056
Accrued long service leave	397,939	434,703
Accrued long-term incentive program	57,121	50,600
Total current employee benefits	1,368,652	1,589,359
Non-current		
Provision for long service leave	199,037	277,912
Provision for long-term incentive program	2,893	11,893
Total non-current employee benefits	201,930	289,805

(b) Personnel expenses

Wages and salaries	8,060,742	8,910,571
Contributions to defined contribution plans	941,110	985,974
Change in accrued annual leave	(192,041)	(248,556)
Change in liability for long service leave	(115,639)	(162,112)
Directors' fees – salary and fees	88,174	139,593
Directors' fees – equity-settled share-based payments	167,928	267,801
Other equity-settled share-based payments	104,825	541,038
Total employee benefits	9,055,099	10,434,309
Other expenses associated with personnel	500,857	782,866
Transferred to property, plant and equipment	(38,257)	(17,376)
Total personnel expenses	9,517,699	11,199,799

(c) Number of employees

	#	#
Number of employees at year end (full-time equivalent)	34	43

(d) Material accounting policies - employee benefits

(i) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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19. Share capital

(a) Movements in share capital

	Ordinary shares		Share capital	
	2026 #	2025 #	2026 \$	2025 \$
On issue at 1 July	489,512,621	488,429,663	190,843,656	189,989,433
Exercise of share options	1,067,850	837,358	742,851	755,983
Issued for goods or services provided	125,000	245,600	47,625	98,240
On issue at 30 June – fully paid	490,705,471	489,512,621	191,634,132	190,843,656

Ordinary shares

Key transactions during the year ended 30 June 2026

Exercise of share options

The Company issued a total of 1,067,850 ordinary shares as a result of the exercise of vested zero exercise price options as set out below.

Date	Grant date fair value	
	\$	#
11 November 2025	0.394	274,822
11 November 2025	1.109	287,069
3 February 2026	1.109	167,116
10 February 2026	0.395	41,096
24 February 2026	0.384	266,497
24 February 2026	0.394	31,250
Total		1,067,850

Consequently, \$742,851 was transferred from the Company's share-based payments reserve to share capital.

Issued for goods or services provided

On 24 February 2026 the Company issued 125,000 new shares at a fair value of \$0.381 per share to a contractor for services provided.

All shares were recognised at the fair value at the time of issue.

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19. Share capital (continued)

(a) Movements in share capital (continued)

Key transactions during the year ended 30 June 2025

Exercise of share options

The Company issued a total of 837,358 ordinary shares as a result of the exercise of vested zero exercise price options as set out below.

	Grant date fair value	
	\$	#
5 November 2024	0.579	96,959
5 November 2024	0.394	26,674
5 November 2024	1.422	162,599
5 November 2024	1.359	20,475
16 December 2024	1.422	116,000
16 December 2024	0.579	111,178
16 December 2024	0.394	63,063
12 February 2025	0.579	40,106
12 February 2025	1.422	25,833
31 March 2025	1.422	24,167
31 March 2025	1.359	23,400
31 March 2025	0.394	126,904
Total		837,358

Consequently, \$755,983 was transferred from the Company's share-based payments reserve to share capital.

Issued for goods or services provided

On 12 February 2025 the Company issued 125,000 new shares at a fair value of \$0.400 per share to a contractor for services provided.

On 25 June 2025 the Company issued 120,600 new shares at a fair value of \$0.400 per share to employees for services provided.

All shares were recognised at the fair value at the time of issue.

(b) Dividends

No dividends have been paid or declared by the Company since the Company was incorporated.

(c) Material accounting policies – share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share based payments are recognised as a deduction from equity, net of any tax effects.

20. Share-based payments reserve

(a) Movements in share-based payments reserve

	2026 \$	2025 \$
Balance at 1 July	2,752,068	2,997,840
Share-based payments recognised during the year	272,753	760,598
Amount transferred to share capital	(742,851)	(755,983)
Amount transferred to accumulated losses	(1,226,288)	(250,387)
Total share-based payments reserve	1,055,682	2,752,068

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20. Share-based payments reserve (continued)

(b) Description of share-based payment arrangements

The Group has entered into agreements and share option plans with current and former non-executive directors, key management personnel and senior employees. All options are to be settled by the physical delivery of ordinary shares and are accounted for as equity-settled.

The key terms and conditions related to the share-based payment arrangements that existed during the period are as follows.

(i) Long-term incentive plan

The Group offers senior employees the opportunity to participate in a long-term incentive (LTI) plan. All shares issued following the exercise of vested options granted under the LTI plan are subject to a two-year holding lock.

Ref	General terms and conditions	Contractual life
2209-1	On 8 September 2022, the Group offered 24 of its employees the opportunity to participate in the 2022 LTI plan by granting a total of 1,759,164 ZEPOs. Under the terms of the grant, 40% of the granted ZEPOs vested to participants who were employees of the Group at 7 September 2025. The remaining 60% which were subject to performance hurdles and did not vest. No options related to this grant are outstanding at 30 June 2026.	3.5 years from grant date
2308	On 1 August 2023, the Group offered 21 of its employees the opportunity to participate in the 2023 LTI plan by granting a total of 2,826,822 ZEPOs. Under the terms of the grant, the ZEPOs will vest to participants who are employees of the Group at 31 July 2026 subject to the Company's 60-day weighted average share price being above a target share price. The following specific targets are in place: • Greater than or equal to \$2.00 and less than \$2.20 will result in 50% of the options vesting; • Greater than or equal to \$2.20 and less than \$2.40 will result in 60% of the options vesting; • Greater than or equal to \$2.40 and less than \$2.60 will result in 70% of the options vesting; • Greater than or equal to \$2.60 and less than \$2.80 will result in 80% of the options vesting; • Greater than or equal to \$2.80 and less than \$3.00 will result in 90% of the options vesting; or • Greater than or equal to \$3.00 will result in 100% of the options vesting.	3.5 years from grant date
2408	On 1 August 2024, the Group offered 21 of its employees the opportunity to participate in the 2024 LTI plan by granting a total of 4,763,254 ZEPOs. Under the terms of the grant, the ZEPOs will vest to participants who are employees of the Group at 31 July 2027 subject to the Company's 60-day weighted average share price being above a target share price. The following specific targets are in place: • Greater than or equal to \$2.00 and less than \$2.20 will result in 50% of the options vesting; • Greater than or equal to \$2.20 and less than \$2.40 will result in 60% of the options vesting; • Greater than or equal to \$2.40 and less than \$2.60 will result in 70% of the options vesting; • Greater than or equal to \$2.60 and less than \$2.80 will result in 80% of the options vesting; • Greater than or equal to \$2.80 and less than \$3.00 will result in 90% of the options vesting; or • Greater than or equal to \$3.00 will result in 100% of the options vesting.	3.5 years from grant date

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Notes to the consolidated financial statements
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20. Share-based payments reserve (continued)

(b) Description of share-based payment arrangements (continued)

(i) Long-term incentive plan (continued)

Ref	General terms and conditions	Contractual life
2409	On 2 September 2024, the Group offered one of its employees the opportunity to participate in the Group's LTI plan by granting a total of 532,995 ZEPOs subject to service conditions. 266,497 ZEPOs vested on 2 September 2025 (Tranche 1) and 266,498 ZEPOs (Tranche 2) were forfeited when the employee resigned. No options related to this grant are outstanding at 30 June 2026.	1.5 years from grant date for Tranche 1 and 2.5 years from grant date for Tranche 2.

(ii) Non-executive directors option plan

The Group offers non-executive directors the opportunity to participate in a non-executive director (NED) option plan as part of their annual directors' fees. NEDs are granted ZEPOs which are subject to a vesting condition of 12 months of service. All shares issued following the exercise of vested options granted under the NED option plan are subject to a two-year holding lock.

The general terms and conditions of ZEPOs granted to NEDs that existed during the period are as follows:

Ref	Grant date	Vesting date	Number of ZEPOs #	Contractual life
2407	31 Jul 2024	30 July 2025	676,819	1.5
2410-1	22 October 2024	21 October 2025	40,012	1.5
2410-2	22 October 2024	15 March 2025	126,904	0.9
2411-1	6 November 2024	5 November 2025	41,096	1.5
2411-2	22 November 2024	22 November 2025	7,665	1.5
2507	30 July 2025	29 July 2026	581,766	1.5
2601	14 January 2026	16 December 2026	90,238	1.4

(iii) Other option deeds

Prior to 30 June 2021, the Group entered into option deeds for premium-priced options with NEDs and senior employees as part of their directors' fees and compensation arrangements. The options granted vested in tranches at the first, second and third anniversary date of the grant, subject to the counterparty remaining employed at the anniversary date. The general terms and conditions of the options that existed during the period are as follows.

Ref	Grant date	Vesting date	Number of options #	Exercise price \$	Contractual life Years
1711-C	28 November 2017	1 November 2020	345,184	0.801	7.9
1907-A	5 July 2019	4 July 2020	1,268,502	1.000	6.0
1907-B	5 July 2019	4 July 2021	1,384,859	1.000	6.0
1907-C	5 July 2019	4 July 2022	1,468,051	1.000	6.0
2103-A	31 March 2021	1 February 2022	160,778	1.510	6.0
2103-B	31 March 2021	1 February 2023	160,778	1.510	6.0
2103-C	31 March 2021	1 February 2024	160,778	1.510	6.0
2104-A	22 April 2021	22 April 2022	160,778	1.510	6.0
2104-B	22 April 2021	22 April 2023	160,778	1.510	6.0
2104-C	22 April 2021	22 April 2024	160,778	1.510	6.0

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20. Share-based payments reserve (continued)

(c) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options are as follows.

	Options		Weighted average exercise price	
	2026 #	2025 #	2026 \$	2025 \$
Outstanding at 1 July	14,523,476	11,847,760	0.387	0.552
Granted during the year	672,004	6,188,745	-	-
Forfeited during the year	(3,598,806)	(1,500,636)	-	-
Exercised during the year	(1,067,850)	(837,358)	-	-
Expired during the year	(4,704,981)	(1,175,035)	0.935	0.801
Outstanding at 30 June	5,823,843	14,523,476	0.210	0.387
Exercisable at 30 June	811,660	5,278,256	1.510	1.065

The exercise prices and weighted average remaining contractual life of the options outstanding at the end of the year are as follows.

	Options outstanding		Weighted average remaining contractual life	
	2026 #	2025 #	2026 years	2025 years
ZEPOs	5,012,183	9,245,220	1.1	1.9
\$0.801	-	345,184	-	0.3
\$1.000	-	4,121,412	-	-
\$1.510	811,660	811,660	0.8	1.8
Outstanding at 30 June	5,823,843	14,523,476	1.1	1.3

(d) Measurement of fair value

The fair value of all share options issued has been measured using either the Black-Scholes Merton (BSM) formula or a Monte Carlo (MC) simulation as indicated below. An estimate is made for the number of equity instruments for which service conditions are expected to be satisfied, with a true-up to the number ultimately satisfied.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payments included an exercise price of \$nil, a dividend yield of 0% and were otherwise as follows.

Ref	Fair value at grant date (weighted average) \$	Share price at grant date \$	Expected volatility	Expected life (weighted average)	Risk-free interest rate	Measurement method
30 June 2026						
2507	0.404	0.404	60.63%	1.5 years	3.34%	BSM
2601	0.485	0.485	70.46%	1.4 years	4.02%	BSM

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20. Share-based payments reserve (continued)

(d) Measurement of fair value (continued)

Ref	Fair value at grant date (weighted average) \$	Share price at grant date \$	Expected volatility	Expected life (weighted average)	Risk- free interest rate	Measure- ment method
30 June 2025						
2407	0.394	0.394	66.47%	1.5 years	3.92%	BSM
2408	0.057	0.396	60.37%	3.4 years	3.39%	MC
2409	0.384	0.407	63.04%	2.0 years	3.55%	BSM
2410-1	0.394	0.394	57.87%	1.5 years	3.98%	BSM
2410-2	0.394	0.394	57.87%	0.9 years	3.98%	BSM
2411-1	0.395	0.395	57.43%	1.5 years	4.08%	BSM
2411-2	0.395	0.395	56.73%	1.5 years	4.05%	BSM

There have been no modifications to previous share-based payment arrangements during the period.

Expected volatility has been based on an evaluation of the volatility of similar listed companies as the Group has no historical volatility data. The expected term of the instruments has been based on historical experience and general option holder behaviour. The risk-free interest rate was based on government bonds.

(e) Material accounting policies – share-based payments reserve

Where Australian Accounting Standards require a transaction to be recognised as a component of equity, the Group classifies such amounts as a reserve.

The Group's share-based payments reserve consists of share-based payments accounted for under AASB 2 *Share-based Payment*. Share-based payment transactions are measured by reference to the fair value of the goods or services received unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the Group measures the share-based payment transactions by reference to the fair value of the equity instruments granted.

The fair value of the equity instruments granted is determined as follows:

- If a market price is available for the equity instrument granted, then the estimate of fair value is based on this market price; or
- If no market price is available for the equity instrument granted, then the fair value is estimated using an appropriate valuation technique.

When instruments granted as share-based payments have vested and are exercised by the holder, the amount is transferred to share capital. When options lapse unexercised, the amount is transferred to accumulated losses.

21. Financial instruments

(a) Financial risk management

(i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

QBiotech Group Limited
Notes to the consolidated financial statements
For the year ended 30 June 2026

21. Financial instruments (continued)

(a) Financial risk management (continued)

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all officers understand their roles and obligations.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables.

(i) Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2026 \$	2025 \$
Cash and cash equivalents	11,150,771	10,293,631
Term deposits	1,343,065	15,461,142
Trade and other receivables	860,089	310,878
Total as at 30 June	13,353,925	26,065,651

Cash and cash equivalents and term deposits

The Group only invests surplus funds in bank accounts and term deposits with major Australian financial institutions.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor.

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

Financial institutions	24,623	295,429
Suppliers	835,466	2,349
Related party	-	13,100
Total as at 30 June	860,089	310,878

(ii) Impairment losses

None of the Group's receivables are past due (2025: nil) and none of the receivables are considered impaired. Based on historical information about customer default rates, the credit quality of trade and other receivables is considered good.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Given the nature of the Group's operations, this is a critical risk. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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21. Financial instruments (continued)

(c) Liquidity risk (continued)

Typically, the Group ensures that either (i) it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters, or (ii) it is confident that fund raising activities set in place will meet operational expenses. The Group currently does not maintain any lines of credit other than corporate credit cards with a combined facility limit of \$300,000 (2025: \$300,000). The corporate credit cards are secured by \$300,000 held in term deposit (2025: \$300,000).

The following are the contractual maturities of the Group's monetary non-derivative financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$	Contractual cash flow \$	6 months or less \$	6 months to 1 year \$	1 year to 4 years \$
30 June 2026					
Trade and other payables	2,426,141	2,426,141	2,426,141	-	-
Lease liabilities	122,969	126,558	90,606	31,755	4,197
	2,549,110	2,552,699	2,516,747	31,755	4,197
30 June 2025					
Trade and other payables	2,174,705	2,174,705	2,174,705	-	-
Lease liabilities	437,600	458,316	212,268	113,732	128,316
	2,612,305	2,633,021	2,386,973	113,732	128,316

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the relevant company which is party to the transaction. The currencies in which these transactions primarily are denominated are United States Dollars (USD), Euro (EUR), British Pound (GBP) and Swedish Krona (SEK).

From time to time the Group uses forward exchange contracts to lock in foreign currency rates on expected purchase commitments in order to reduce the Group's exposure to currency risk.

Exposure to currency risk

The summarised quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

Expressed in AUD	USD	EUR	GBP	SEK
30 June 2026				
Cash held in foreign currency	123	85,938	15,119	-
Financial assets in trade and other receivables and prepayments	835,420	-	467,795	-
Trade and other payables	(477,997)	(959,493)	(370,044)	-
Net statement of financial position exposure	357,546	(873,555)	112,870	-

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21. Financial instruments (continued)

(d) Market risk (continued)

(i) Currency risk (continued)

Expressed in AUD	USD	EUR	GBP	SEK
30 June 2025				
Cash held in foreign currency	129	453,666	17,131	-
Financial assets in trade and other receivables and prepayments	-	-	2,052,776	-
Trade and other payables	(469,789)	(344,574)	(720,696)	(52,003)
Net statement of financial position exposure	(469,660)	109,092	1,349,211	(52,003)

The following significant exchange rates have been applied:

Year-end spot rate	2026	2025
USD to AUD	1.4558	1.5267
GBP to AUD	1.9257	2.0960
EUR to AUD	1.6573	1.7902
SEK to AUD	0.1490	0.1537

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the United States Dollar, Euro, British Pound and Swedish Krona against the Australian Dollar at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in AUD	Profit or Loss		Equity, net of tax	
	Weakening	Strengthening	Weakening	Strengthening
30 June 2026				
USD (10% movement)	(35,755)	35,755	(35,755)	35,755
EUR (10% movement)	87,356	(87,356)	87,356	(87,356)
GBP (10% movement)	(11,287)	11,287	(11,287)	11,287
SEK (10% movement)	-	-	-	-
30 June 2025				
USD (10% movement)	46,966	(46,966)	46,966	(46,966)
EUR (10% movement)	(10,909)	10,909	(10,909)	10,909
GBP (10% movement)	(134,921)	134,921	(134,921)	134,921
SEK (10% movement)	5,200	(5,200)	5,200	(5,200)

(ii) Interest rate risk

The Group is exposed to interest rate risk only to the extent that interest receivable on bank and term deposits may be subject to fluctuations in interest rates.

Profile

At the reporting date the Group has no interest-bearing financial instruments other than cash at bank, term deposits and corporate credit cards. Cash at bank and corporate credit cards are considered to be variable rate instruments as they can be readily renegotiated. Their carrying amount at balance date has been set out below:

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21. Financial instruments (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2026	2025
	\$	\$
Cash and cash equivalents	11,150,771	10,293,631
Corporate credit cards	(73,771)	(72,789)
Total as at 30 June	11,077,000	10,220,842

Cash flow sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by \$110,770 (2025: \$102,208). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2025.

(e) Capital management

The Board's policy is to maintain a capital position so as to maintain investor, creditor and market confidence and to sustain future development of the business. This position is maintained by setting capital raising strategies in place to address planned expenditure. The Group is not subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year.

(f) Fair values

The fair values of cash and cash equivalents, term deposits, trade and other receivables and trade and other payables approximate their carrying amounts shown in the statement of financial position.

(g) Material accounting policies - financial instruments

(i) Non-derivative financial assets

The Group has the following non-derivative financial assets:

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at their transaction price if the trade receivables do not contain a significant financing component. Subsequent to initial recognition trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Term deposits

Term deposits comprise cash balances held on deposit with financial institutions with original maturities of more than three months.

(ii) Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Other financial liabilities comprise trade and other payables.

QBiotech Group Limited
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22. Reconciliation of cash flows from operating activities

	Note	2026 \$	2025 \$
Loss for the year		(16,819,711)	(20,633,392)
Adjustments for:			
Depreciation	13,14	666,600	905,261
Amortisation	15	35,696	36,494
Loss/(gain) on disposal of plant and equipment		258,997	(17,421)
Inventory write down to net realisable value	11	712,258	1,060,693
Non-cash interest on leases		17,262	45,132
Foreign exchange revaluation on assets and liabilities		240,622	(269,127)
Share-based payment transactions		272,753	760,600
Interest income classified as investment activities		(753,386)	(1,686,172)
Operating loss before changes in working capital		(15,368,909)	(19,797,932)
Change in trade and other receivables		(506,276)	618,491
Change in prepayments		1,726,072	495,421
Change in inventories		(122,465)	500,802
Change in contract assets		(407,173)	140,888
Change in trade and other payables		321,962	(902,683)
Change in contract liabilities		-	(182,691)
Change in employee benefits		(308,582)	(520,585)
Change in provisions		2,026	1,881
Cash used in operating activities		(14,663,345)	(19,646,408)
GST refund received		767,818	781,646
Net cash used in operating activities		(13,895,527)	(18,864,762)

23. Related parties

(a) Transactions with key management personnel

(i) Key management personnel compensation

Key management personnel compensation comprised the following:

Short-term employee benefits	1,627,457	1,871,295
Post-employment benefits	230,745	185,968
Other long-term benefits	(70,028)	(258,917)
Share-based payments	146,719	482,864
Termination benefits	628,672	196,542
Total key management personnel compensation	2,563,565	2,477,752

During the year ended 30 June 2026, the composition of key management personnel (KMP) changed. The former Chief Executive Officer and Managing Director ceased employment in December 2025 and the General Counsel was subsequently appointed Interim CEO and Managing Director. In addition, the Chief Financial Officer ceased employment in January 2026. Following the departure of the Chief Financial Officer, the Director of Finance assumed increased responsibility and was therefore included as KMP from that date.

(ii) Loans to key management personnel and their related parties

No loans were outstanding at the reporting date to key management personnel and their related parties.

QBiotech Group Limited
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23. Related parties (continued)

(a) Transactions with key management personnel (continued)

(iii) Key management personnel transactions

Key management personnel of the Company control 13.11% (30 June 2025: 13.01%) of the voting shares of the Company.

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

From time to time these entities transacted with the Group. The terms and conditions of the transactions with key management persons and their related parties were no more favourable than those available, or which may reasonably be expected to be available, on similar transactions to non-director related entities.

	Transaction value		Balance outstanding as at	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	\$	\$	\$	\$
The Group rents premises from Dr Gordon and Dr Reddell. The lease contract terms are based on market rates and are payable on an annual basis. (Note 17)	40,140	37,371	-	-
The Group contracted Dr Gordon to provide ad hoc consulting services.	109,440	54,720	-	-
The Group sold a motor vehicle to Dr Gordon. The sale was based on the market value of the car and the amount was collected in July 2025.	-	11,909	-	13,100

(b) Non-key management personnel disclosures

Intergroup transactions

During the year ended 30 June 2026 and 30 June 2025, all transactions between EcoBiotics, QBiotech, QBiotech Netherlands, QBiotech UK and QBiotech Group have been eliminated on consolidation.

24. Auditor's remuneration

	2026	2025
	\$	\$
Audit services		
Auditors of the Group - Grant Thornton Audit Pty Ltd		
Audit and review of financial reports – Group	221,079	209,928
Other auditors		
Audit of annual financial reports – controlled entity	28,190	21,951
Total audit services	249,269	231,879
Other services		
Auditors of the Group - Grant Thornton Australia Limited		
Taxation advice and compliance services	20,695	16,838
Other assurance services – Investigating Accountants Report	25,660	107,415
	46,355	124,253
Other auditors		
Taxation compliance services – controlled entity	5,411	5,475
Total other services	51,766	129,728

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25. Parent company disclosures

As at 30 June 2026, QBiotics Group Limited was the parent entity of the Group.

(a) Results of the parent entity

	2026	2025
	\$	\$
Loss for the period	(15,868,712)	(22,736,829)
Other comprehensive income	-	-
Total comprehensive loss for the period	(15,868,712)	(22,736,829)

(b) Financial position of parent entity at year end

Current assets	20,806,564	36,796,540
Total assets	156,247,234	173,006,180
Current liabilities	16,946,172	17,963,944
Total liabilities	17,176,843	18,387,455
Total equity of the parent entity comprising of:		
Share capital	258,954,746	258,164,270
Other contributed equity	1,055,682	2,752,068
Accumulated losses	(120,940,037)	(106,297,613)
Total equity	139,070,391	154,618,725

(c) Contingent liabilities, commitments and guarantees

There are no parent entity contingent liabilities, capital commitments, or guarantees in respect of the debts of its subsidiaries at 30 June 2026 (2025: nil).

26. Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

QBiotech Group Limited
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26. Material accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of QBiotech Netherlands and QBiotech UK have a functional currency of Australian dollars. The operations of both QBiotech Netherlands and QBiotech UK are carried out as an extension of the parent and without significant autonomy and are financed by QBiotech Group Limited. Any foreign currency income and expenses are translated into Australian dollars at the exchange rates at the dates of the transactions.

27. New standards and interpretations not yet adopted

A number of new accounting standards are effective for annual reporting periods beginning after 1 July 2025 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 will replace AASB 101 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements:

Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.

Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

28. Subsequent Events

(a) Transition agreement with Virbac

Subsequent to year end on 31 July 2026, the Group signed a Transition Agreement under which the customer would continue with the sales, marketing and distribution of STELFONTA® in the USA until 31 December 2027 and in all other markets until 31 December 2026. At the conclusion of the transition agreement in each region, QBiotech will become responsible for the sale, marketing and distribution of STELFONTA®. The transition agreement did not alter the Group's right to sales-based revenue during the period covered by the Transition Agreement.

28. Subsequent Events (continued)

(b) Prospectus

The Company issued a replacement prospectus on 12 August 2026 and a supplementary prospectus on 17 September 2026, which will stay open for acceptances upon the issuance of a second supplementary prospectus following the lodgement of the Group's audited financial statements for the year ended 30 June 2026.

(c) Secured loan facility

Subsequent to year end, on 16 September 2026, the Company entered into a Secured Loan Agreement (the "Loan Agreement") and a Specific and Featherweight Security Agreement (the "Security Agreement") with Endpoints Capital Pty Ltd ("Endpoints").

Under the Loan Agreement, Endpoints agreed to advance \$4,500,000 to the Company, to be used wholly or substantially for eligible research and development expenditure incurred by the Group in Australia. The Loan bears interest at approximately 15% per annum, calculated and capitalised daily (24% per annum on any overdue amount), and is repayable on the earlier of the date the Company receives its refundable R&D tax offset for the year ended 30 June 2026 (the "R&D Refund") and 31 March 2027. The loan was fully drawn down on 21 September 2026.

Under the Security Agreement, the Company granted Endpoints a specific charge over its rights to the R&D Refund and related proceeds, claims and records, and a general "featherweight" security interest over the Company's other present and future property. The Loan is also subject to a number of covenants, including a requirement for the Group to maintain a minimum liquidity amount of \$1,000,000, and restrictions on the Group granting further security over its assets or paying dividends, in each case while amounts remain outstanding under the Loan.

The Loan provides the Group with additional funding ahead of receipt of the R&D Refund to support its research and development activities (refer Note 2(e)). As the Loan Agreement and Security Agreement were entered into after 30 June 2026, they do not affect the recognition or measurement of the assets, liabilities, income or expenses of the Group for the year ended 30 June 2026, and no amounts in respect of the Loan have been recognised in these financial statements.

(d) No other matters

Other than as set out in Note 28(a) and (c), no other matters or circumstances have arisen since 30 June 2026 that have significantly affected, or may significantly affect, the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

QBiotech Group Limited
Consolidated entity disclosure statement
As at 30 June 2026

Entity name	Body corporate, partnership or trust	Place incorporated/ formed	Percentage of share capital held directly or indirectly by the Company in the body corporate	Australian or foreign tax resident	Jurisdiction(s) for foreign tax residency
QBiotech Group Limited (the Company)	Body corporate	Australia	-	Australian	n/a
QBiotech Pty Ltd	Body corporate	Australia	100%	Australian	n/a
EcoBiotech Pty Ltd	Body corporate	Australia	100%	Australian	n/a
QBiotech Netherlands B.V.	Body corporate	Netherlands	100%	Australian and Foreign	Netherlands
QBiotech UK Limited	Body corporate	United Kingdom	100%	Australian and Foreign	United Kingdom

Basis of preparation

Key assumptions and judgements

Determination of tax residency

Section 295 (3A) of the *Corporations Act 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. For the purposes of this section, an entity is an Australian resident at the end of the financial year if the entity is:

an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at that time; or

a partnership, with at least one partner being an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at that time; or

a resident trust estate (within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936*) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

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

Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

QBiotics Group Limited

Directors' declaration

1. In the opinion of the directors of QBiotics Group Limited (the "Company"):
 - (a) the consolidated financial statements and notes that are set out on pages 16 to 49 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) the consolidated entity disclosure statement set out on page 50 is true and correct; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Sydney this 30th day of September 2026.



Simon Pollard
Non-executive Chair

Independent Auditor's Report

To the Members of QBiotics Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of QBiotics Group Limited (the Company), and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Directors' declaration.

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

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 2(e) in the financial statements, which indicates that the Company incurred a loss before tax of \$16,819,711 and had net cash outflows from operating activities of \$13,895,527 during the year ended 30 June 2026 and will require additional funding to support its research activities. As stated in Note 2(e),

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these events or conditions, 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 respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026 and the prospectus issued on the same day as this report, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

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

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

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/apzlw0y/ar3_2024.pdf. This description forms part of our auditor's report.

Grant Thornton Audit Pty Ltd
Chartered Accountants

L M Worsley
Partner – Audit & Assurance

Sydney, 30 September 2026

Grant Thornton Audit Pty Ltd

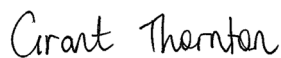
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Auditor's Independence Declaration

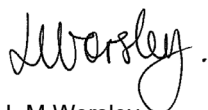
To the Directors of QBiotics Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of QBiotics Group Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



L M Worsley
Partner – Audit & Assurance

Sydney, 30 September 2026

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