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QUARTERLY REPORT

31 January 2022

CANN GLOBAL LIMITED

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Appendix 4C Cashflow Statement & Quarterly Activities Report

Cann Global Limited (ASX:CGB) ("Cann Global" or the "Company") submits the following Activities Report and Quarterly Cash Flow Statement (Appendix 4C) for the quarter ending 31 December 2021 ("Q2 FY22").

Quarterly Activity Summary

- Revenue for Q2 FY22 of $226k, a decrease of 53% on the previous quarter ($484k) due to the receipt of an initial investment into Cann Global Thailand's (CGT) plant funding program last quarter.
- Revenue from the health food division was marginally lower than the prior quarter with cash receipts from customers of $226k, in line with expectations.
- The Grass Roots brand and packaging development has progressed and is on track for launch in Q3 FY22
- The soft launch of the Company's premium, plant-based skincare range Fuss Pot was undertaken during the quarter, at the International CBD Expo in France and at the Hemp, Health and Innovation Expo in Australia. The range was well received and the official launch will commence in the current quarter - Q3 FY22.
- The Company's second order of Canntab's Instacann products, including the THC 5mg product, was received during the quarter and general practitioner education and awareness program is underway focussing on educating doctors about the products' unique attributes.
- As at 31 December the Company continued to have a healthy cash balance of $10m, an increase on the prior quarter following the $1.8 million equity raising during October.

Financial Performance Overview

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Cann Global are pleased to present the Q2 FY22 financial report.

Total revenue for the quarter was $226k, a decrease of 53% on the prior quarter due to the receipt of an investment into Cann Global Thailand (CGT) plant funding program last quarter. We expect further plant funding payments however, these payments may create further volatility in the reporting of Cann Global's revenue.

Revenue from food retailers, wholesalers and distributors in Australia is down slightly on the prior quarter while export revenues continue to be impacted by COVID. Revenue derived from the health food division was $226k for the quarter compared to $298k for the prior quarter however this is in line with expectations as a result of the food division review.

Product manufacturing and operating costs have increased 132% as the company has invested heavily in the purchase of raw materials in anticipation of the launch in the coming months of the new health food brand Grass Roots. Research and Development costs of $37k have also increased, and relate to the development of the new skin care CBD range. Advertising and marketing expenses have remained on par with the prior period however these costs will start to increase with the launch of the website and social media pages for Cann Global's new skin care brand Fuss Pot.

Leased assets have decreased by 88% to $3k, as previously reported last quarter's leased assets were higher as the company was required to pay two months of rent in advance for the new warehouse located in Brisbane. Fit out costs relating to the warehouse were $38k. As previously reported the new premises in Brisbane will achieve cost synergies over the longer term with staff costs also expected to decrease in Q3 FY22 as a result of the consolidation of the health food and cosmeceutical products warehousing. Staff costs are slightly higher this quarter due to a one-off termination payment to the Sunshine Coast staff.

During the quarter CGB has received $138k as a first repayment from Volcan Australia Corporation reducing the previous debt to $1.061 mil.

Like many Australian businesses recently, Cann Global's day-to-day operations have also been impacted in Q2 due to staff absences as a result of COVID-19. Supply chain issues caused by COVID-19 may also impact our ability to obtain raw materials in Q3, however we continue to liaise with our suppliers to minimise the potential impact on the business.

In accordance with accounting standards, cashflows relating to the joint ventures - Pharmocann and Canntab, are reported as loans to and payments from other entities. The amount of $357k is primarily due to the purchase of the recently received INSTACANN CBD 25mg and THC 5mg products from Canntab and some associated marketing costs.

Administration and corporate costs are $512k, up 45% on the prior quarter due to an increase in audit fees and shareholders services. Costs are expected to normalise in the current quarter.

Pursuant to ASX LR4.7C.3, at item 6.1 of the appendix 4C, the company reported an aggregate amount to related parties of $63k. These payments represent payment for non-executive directors' fees and directors' remuneration.

Operational Performance & Activities

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Health Food

Work on the range rationalisation has been completed and new branding and product development continue. The new brand Grass Roots will be launched in Q3 FY22 with a digital marketing campaign and our sales team are busy pitching to grocery and pharmacy channels.

As stated in the Q4 FY21 report sales from the health food division is expected to see limited growth while these changes are implemented, however management are confident of being in a stronger position to drive higher profitability from sales and grow market share once this transformation is complete.

The Company is working with export consultants to have Grass Roots products registered in China and discussions are underway with distributors in Vietnam.



Operational Performance & Activities

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Hemp Cultivation & Processing

As previously reported, Cann Global Thailand has introduced a unique plant funding program for international investors. This model operates on the basis that customers provide guaranteed funding on a per plant basis with a fixed fee per plant returned to the customer after successful cultivation and extraction by CGT.

Planting of crops under this plant funding model has been to the subject of unforeseen delays in delivering the seeds to the cultivation site. Crops will now be planted this quarter, Q3 FY22. The delay in planting has delayed the receipt of further investment in Q2 but additional funding is expected prior to the end of FY22.

The seed production program supervised by Dr Choomsai is continuing with test crops growing successfully in different locations across Thailand.

Operational Performance & Activities

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Cosmeceuticals



Cann Global proudly launched its premium range of skincare in Q2 FY22. The Fuss Pot range was launched at the International CBD Expo in France and at the Australian Hemp, Health and Innovation Expo held virtually, in November.

The ImaFussPot.com website was also launched enabling consumers to purchase the range online. Initial online orders have been filled and despatched and a social media campaign ran in December and January driving traffic to the Fuss Pot website. An influencer marketing campaign will follow this quarter.

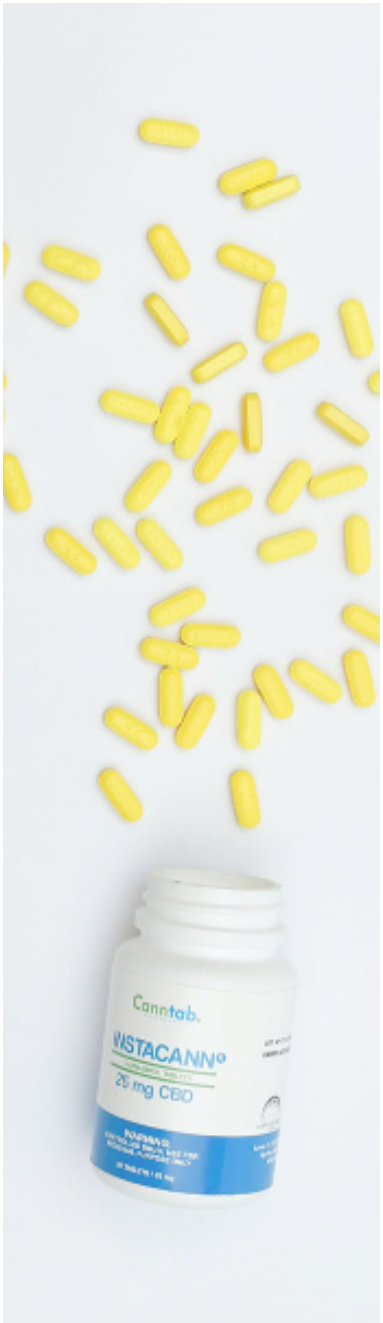
The initial range consists of three premium skincare products, a cream, serum, and an oil. They are all hemp seed oil based and are combined with other powerful Australian ingredients. Two more formulas have been developed to enhance this range.

A CBD range consisting of five products is now being developed to complement the hemp-based range and will initially be marketed in Europe where cosmeceuticals containing CBD can be sold over the counter. Both ranges will be showcased at Cosmoprof expo in Italy in Q4 FY22. Discussions with distributors in France are currently underway.

The Company is progressing registration of Fuss Pot in China and Thailand with current activities focused on ingredient and product approval.

Operational Performance & Activities

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Medicine

Cann Global received its second shipment of Canntab CBD products, Instacann CBD 25mg and THC 5mg, during the quarter.

The pharmaceutical grade cannabinoid formulations are now available to consumers through the Special Access Scheme B and Authorised Prescriber Scheme. Patients can request a prescription from their doctor and take it to a local pharmacist for filling. Our distribution partner Medcan then supplies the product to the pharmacist.

A formal launch program has commenced with key activities including the website launch, a national media support campaign and general practitioner education. General health practitioner education on the unique benefits of the Instacann range are key to its success.

Medcan also makes the products available through their prescribing division 'Cann I help' and their link can be found on our website https://canngloballimited.com/canntab/ .

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Outlook

With revenue commencing this financial year from new revenue streams, initially from the plant funding program in Thailand, and then near-term revenue expected from the Instacann products and the recently launched Fuss Pot cosmeceuticals range, Cann Global is confident that the foundations have been set to underpin near term growth.

Cann Global continues to focus its efforts on expanding sales and distribution of existing products, developing adjacent products with cost synergies, and is increasing focus on improving the profitability of the existing product lines. The Company also continues to review its overall operating costs with a view to achieving profitability and delivering value to shareholders.

Cann Global has a strong debt-free balance sheet, and significant cash reserves which not only support current business activities, but allows the company to consider additional opportunities for growth.

About Cann Global

Cann Global Limited's (ASX:CGB) vision is to become a leader in the production and distribution of high-quality medicinal cannabis, natural health foods and cosmeceutical products. Cann Global strives to make a significant contribution to building an industry which supports the value of medicinal cannabis products and puts the patient first.

Authority & contact details

This announcement has been authorised for release by Sholom Feldman, Managing Director.

For further information please contact Investor Relations on +61 2 8379 1832, or via email at investorrelations@cannglobal.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
CANN GLOBAL LIMITED	
ABN	**Quarter ended ("current quarter")**
18 124 873 507	31 December 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	226	710
1.2	Payments for		
	(a) research and development	-37	-57
	(b) product manufacturing and operating costs	-389	-557
	(c) advertising and marketing	-85	-166
	(d) leased assets	-3	-31
	(e) staff costs	-351	-675
	(f) administration and corporate costs	-512	-866
1.3	Dividends received (see note 3)		
1.4	Interest received	98	100
1.5	Interest and other costs of finance paid	-3	-3
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (GST Refund)	21	49
1.9	**Net cash from / (used in) operating activities**	**-1,035**	**-1,496**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-38.	-38
	(d) investments		
	(e) intellectual property	-19	-19
	(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	138	138
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material): Cash flows spent on inventory purchase, R&D and Marketing Activities towards the Canntab JV	-357	-471
2.6	**Net cash from / (used in) investing activities**	**-226**	**-390**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,800	1,800
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	-9	-9
3.10	**Net cash from / (used in) financing activities**	**1,791**	**1,791**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,982	10,557
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-1,035	-1,496

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-276	-390
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,791	1,791
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**10,462**	**10,462**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	10,462	9,982
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**10,461**	**9,982**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	63
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		

7.5	**Unused financing facilities available at quarter end**	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	-1,035
8.2	Cash and cash equivalents at quarter end (item 4.6)	10,461
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	10,461
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	10

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: .....31/01/2022.....

Authorised by: .....Sholom Feldman – Managing Director.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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