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QUARTERLY REPORT

31 March 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 March 2022 ("Q3 FY22").

Quarterly Activity Summary

- Revenue for Q3 FY22 of $69k, a decrease of 69% on the previous quarter ($226k) and 75% on the prior corresponding period (pcp). The reduction in revenue was expected as we finalised the transition from bulk sales to the new Grass Roots brand.
- The Grass Roots brand was successfully launched in Q3 FY22 with three distributors ranging the products.
- The Fuss Pot hemp seed Ageless range was further strengthened during the quarter with the addition of two new products, a cleanser and a mist, completing the range.
- The Fuss Pot CBD range has now been developed and will be launched at Cosmoprof in Italy this week.
- Extremely positive feedback received from Instacann consumers.
- As at 31 March, the Company continued to have a healthy cash balance of $9.7m.

Financial Performance Overview

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Cann Global are pleased to present the Q3 FY22 financial report.

Over the past few months Cann Global has placed its focus on creating a strong and compelling value proposition aligned with its vision and its mission. This has involved an internal restructure, portfolio review and consolidation, creation of new range of products and change in sales strategies to focus on higher margins and the development of a strong product positioning focused on differentiation.

Total revenue for the quarter was $69k, a decrease of 69% on the prior quarter. Revenue from food retailers, wholesalers and distributors in Australia is down as expected as the business transitions from bulk sales to our branded products for retail distribution.

The temporary reduction in revenue was driven by a strategic decision to move to a higher margin business model – direct to retail sales channels. Whilst this has resulted in lower near-term earnings as expected, Cann Global is confident that the revised range and new Grass Roots products will underpin revenue and deliver strong growth.

Research and development costs of $29k have decreased by 22% but are likely to increase over the next 12 months as we continue to invest in product development. Product manufacturing and operating costs have also decreased, by 42%, as the company invested heavily in the purchase of raw materials in the prior quarter. However, these costs are anticipated to increase in Q4 FY22 and Q1 FY23 as production of the Fuss Pot ranges and the Grass Roots range are ramped up. Advertising and marketing expenses are down 24% but are expected to increase over coming quarters as Cann Global focuses on building brand awareness.

The new premises in Brisbane have achieved cost synergies with staff costs decreasing in Q3 FY22 as a result of the consolidation of the health food and cosmeceutical products warehousing. Staff costs have reduced by 40% this quarter compared to the prior quarter. However, the prior quarter was slightly higher than previous quarters due to a one-off termination payment to the Sunshine Coast staff.

The new business model and consolidation of the health food and cosmeceutical divisions have also resulted in a decrease of administration and corporate costs of 64%.

Interest from the cash at bank is received six monthly and will be received in Q4.

At the Annual General Meeting (AGM) held on 31 January 2021, shareholders approved the resolution authorising a consolidation of the Company's Share Capital on a basis of 1 new share for every 25 shares held.

The Board proposed a consolidation of share capital with a view to reducing the number of shares on issue and increasing the share price, to potentially make the stock more attractive to a broader range of investors. The resulting capital structure is now a more appropriate and effective capital structure for the company given its size. Following consolidation, the shares initially traded at $0.05, an approximate multiple of 25 times the share price on the day prior to the consolidation becoming effective.

The consolidation applied equally to all shareholders with the reduction in the number of shares having no material effect on the percentage interest that each individual shareholder holds in the company.

On 28 February 2022 5,452,034 shares were issued pursuant to shareholder approval granted 31 January 2022 in lieu of payment of amounts owing to Australian Gemstone Mining Pty Ltd.

Pursuant to ASX LR4.7C.3, at item 6.1 of the appendix 4C, the company reported an aggregate amount to related parties of $38k. These payments represent payment for non-executive directors' fees and directors' remuneration.

Operational Performance & Activities

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Health Food

The first range of the new brand Grass Roots has been produced and three national distributors have ranged the line with one distributor moving to Grass Roots as their exclusive Hemp brand. These distributors have a reach of over 7,000 health food stores, pharmacies, specialty grocery stores and e-stores.

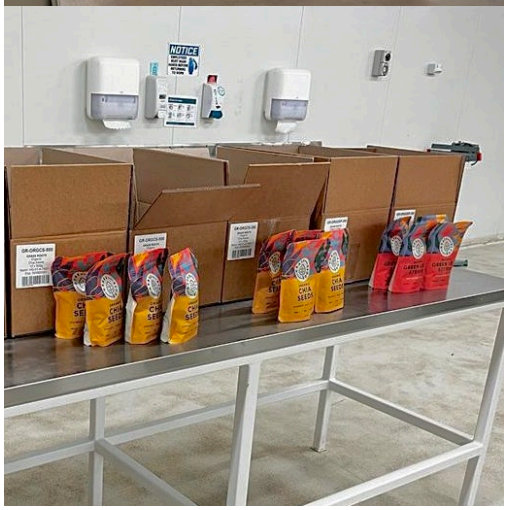
The brand has been well received due to its unique offering, strength of packaging and competitive price points.

We've identified and commenced working with Technical R&D resources to deliver new and innovative products to the Grass Roots range. This will continue to strengthen our offering, with a differentiated range and reduced reliance upon price to drive distribution. Current timelines will allow us to manufacture proposed new products from Q1 FY23.

Cann Global will exhibit the Grass Roots range at the Naturally Good Expo in Sydney in Q4 and a dedicated website is being developed for the brand.







Operational Performance & Activities

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Hemp Cultivation & Processing

Planting of crops under the plant funding model has begun in Q3 FY22 with another 8,400 plants in germination.

The seed production program supervised by Dr Chumpsai is continuing with test crops having been successfully harvested. Following those successful trials, more seeds are being purchased to plant large scale seed production crops.



Operational Performance & Activities

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Cosmeceuticals

Cann Global launched its premium range of hemp-based skincare in Q2 FY22. The Fuss Pot range is being expanded with two additional hemp-based products and 5 CBD products being developed. The Fuss Pot range is being exhibited at the Cosmoprof fair in Italy this quarter (Q4) and at the Naturally Good trade only expo in Sydney in June.

The five new CBD products are expected to be in production in Q1 FY23 with our preferred manufacturer in France and are targeted at the European market.

The sales strategy is currently focused on securing high end retail outlets that are aligned with natural beauty and hemp-based skin care and will focus on larger retailers as the range is complete.

We are also continuing to build the Fuss Pot brand online via Instagram & Facebook, with March delivering our best results to date as awareness and consideration gain momentum. Our paid media approach will evolve in Q4 as we increase our focus on conversion to focus on 3 key areas, creative content push, media revision, direct response attractions.







Operational Performance & Activities



Medicine

Prescriptions from general practioners have been received during Q3 FY22 with extremely positive feedback received from consumers. Cann Global continues to focus on rollout strategies and increasing product awareness.

The Company's participation in the ProjectTwenty21 Research Program will increase product awareness of Instacann among health care providers and patients.

Education on the unique benefits of the Instacann range continues to be provided to general practioners building growth in the demand for the Instacann range.

Cann Global will also be presenting its Instacann products at United In Compassion Symposium in May 2022 in Queensland.

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/.

With the focus on driving revenue growth in its health food and skin care division largely complete the Company will renew efforts in Q1 FY23 on pursuing a clinical trial of an identified cannabis strain on the efficacy of treating Multiple Sclerosis and other autoimmune diseases.

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Outlook

Cann Global continues to focus on the path to profitability supported by four growth pillars: market penetration, product development, diversified portfolio and market development. As a result, we have now positioned ourselves solidly in an established and growing market. We have strong implementation and execution strategies around our product positioning, pricing, user experience, and marketing in order to gain competitive advantage and grow our market share rapidly.

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

At Cann Global we are dedicated to helping people improve their health, wellness and lives by providing access to the highest quality cannabis/hemp-based and other plant-based products through our worldwide strategic network. We strive to provide our customers with the best products and experience through quality natural ingredients, innovative formulas and delivery systems. Cann Global continues 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 March 2022

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	69	779
1.2	Payments for		
	(a) research and development	-29	-86
	(b) product manufacturing and operating costs	-228	-785
	(c) advertising and marketing	-65	-231
	(d) leased assets	-1	-32
	(e) staff costs	-211	-886
	(f) administration and corporate costs	-182	-1048
1.3	Dividends received (see note 3)		
1.4	Interest received		100
1.5	Interest and other costs of finance paid	-3	-6
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (GST Refund)	-26	23
1.9	**Net cash from / (used in) operating activities**	**-676**	**-2,172**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-35	-73
	(d) investments		
	(e) intellectual property		-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
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	-44	-515
2.6	**Net cash from / (used in) investing activities**	**-79**	**-469**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		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	-20	-20
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
3.10	**Net cash from / (used in) financing activities**	**-20**	**1,771**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	10,462	10,557
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-676	-2,172

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)	-79	-469
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-20	1,771
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**9,687**	**9,687**

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	9,687	10,462
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)**	**9,687**	**10,462**

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	38
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)	-676
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,687
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	9,687
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	14

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: .....29 April 2022.....

Authorised by: .....Sholom D 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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