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QUARTERLY REPORT

30 June 2022

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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 30 June 2022 ("Q4 FY22").

Quarterly Activity Summary

- Revenue for Q4 FY22 of $82k, an increase of 19% on the previous quarter ($69k) and decrease of 72% on the prior corresponding period (pcp). Revenue is picking up as expected as we have now launched the new Grass Roots brand and are moving away from bulk sales.
- The Grass Roots brand was successfully introduced at Naturally Good Expo in Sydney last May.
- The complete Fuss Pot hemp seed Ageless range and CBD Soothing range were successfully presented at Cosmoprof in Italy in April.
- More product awareness reached on our Instacann range following the United in Compassion Medical Cannabis symposium attended last May at the Sunshine Coast.
- As at 30 June, the Company continued to have a healthy cash balance of $9.2m.

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Financial Performance Overview

Cann Global are pleased to present the Q4 FY22 financial report.

Over the past year Cann Global went through an internal restructure, performed a portfolio review and consolidation, created and launched new range of products to support a change in sales strategies with the aim to achieve higher margins underpinned by a stronger product positioning focused on differentiation.

Total revenue for the quarter was $82k, an increase of 19% on the prior quarter. Revenue from food retailers, wholesalers and distributors in Australia is going up as expected as the business finalised its transition from bulk sales to our branded products for retail distribution.

As previously reported, 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, we can see that revenue has already started to increase and Cann Global is confident that this growth trend will continue as more marketing strategies are being launched to underpin sales.

Research and development costs of $32k have increased by 13% as expected as we continue to invest in product development in both health food range and cosmeceutical range.

Product manufacturing and operating costs have also decreased by 30%, in line with the new business model and structure. As previously advised the company had invested heavily in the purchase of raw materials in Q2 FY22. These costs are anticipated to increase slightly in Q1 FY23 as production of the Grass Roots range is ramped up and in Q2 FY23 as we prepare for the production of Fuss Pot in Europe and in Australia. Production of Fuss Pot has been delayed, more information is provided in the operational performance overview in this report. Advertising and marketing expenses are down 20% but are expected to increase over coming quarters as Cann Global focus on building brand awareness.

Staff costs have reduced by 29% this quarter compared to the prior quarter and by 59% compared to prior corresponding quarter. This has been achieved through the internal restructure and consolidation of the health food and cosmeceutical warehousing.

Interest of 93K from the cash at bank has been received this 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 $24k. These payments represent payment for non-executive directors' fees.

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Operational Performance Overview & Activities

Health Food

Participation at the Naturally Good Expo in Sydney last June has driven further interest in the Grass Roots range with an attendance of 3,900 visitors. We received excellent feedback on the range, including many identifying Grass Roots as having the best branding and pack design at the show. We are confident that this will generate increased sales for the first quarter of FY23. Our sales team is focused on leads generated by this trade show and on driving sales with current Australian distributors.

Our new website has become live last week, and our Marketing team has launched Social Media activities to promote brand awareness.

As previously reported, we will introduce relevant new products in the Grass Roots range during H1FY23 to further differentiate the brand with a few new formulas and packaging currently being developed with initial concepts received for 2 product categories.

Production will ramp up ahead of anticipated increases in product demand driven by our sales and marketing team and raw materials are being secured with suppliers aligned with our cost reduction strategies.





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Operational Performance Overview & Activities

Hemp Cultivation & Processing

The first batch of plants under the plant funding model have been harvested and samples have been to a range of buyers in Asia and in Europe.

The seed production program supervised by Dr Chumpsai is continuing as the Thai seed market seems to be rapidly growing following the release of the new legislation with a lot of small cannabis growers looking for seeds and seedlings. CGT (Cann Global Thailand) expects to quickly expand its seed production business model as the market keeps expanding.



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Operational Performance Overview & Activities

Cosmeceuticals

As previously reported, Cann Global launched its premium range of hemp-based skincare in Q2 FY22. Cann Global participated at Cosmoprof last April, exhibiting both our Fuss Pot hemp seed oil Ageless range and our upcoming Fuss Pot CBD range ahead of production & launch.

Cosmoprof 2022 was held in Bologna from April 28th, with over 2,700 companies from 70 countries, arranged in more than 30 pavilions. Ahead of the show, buyers from over 90 countries had confirmed their participation and more were anticipated to attend.

During the event the team sampled the range and initiated conversations with suppliers, media, retailers and distributors from Europe, the UK, the Middle East, Asia & the USA. From the vetted discussions, there are 33 leads currently being worked on with distributors and retailers by a business development manager in Europe.

Despite the soft launch in Australia and in Europe have generated many serious leads as previously announced, unfortunately the planned production in Q4 FY22 had to be postponed due to unforeseen global supply chain disruptions. Following the pandemic, even though things are slowly getting back to normal the disruption to supply chains continues to be severe and we are working with our manufacturers and suppliers to minimise the delays this is causing.

The delay in production allows us to focus on key activities to further develop brand awareness and secure distribution partners ahead of manufacturing. We continue further developing the Fuss Pot CBD range and improving the Ageless hemp seed oil range including updating product formulation and packaging to further meet consumer demand. We have also continued to trial the product via our online community, with consumer questionnaire returning insights from over 160 consumers.





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Operational Performance Overview & Activities

Medicinal

The Company's participation in the ProjectTwenty21 Research Program and sponsoring of the International College of Cannabinoid Medicine are ongoing and continue to 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 practitioners and Cann Global recently sponsored a one-day Doctors' training event in Brisbane to continue building growth in the demand for the Instacann range.

As previously reported, Cann Global presented its Instacann products at the United in Compassion Medical Cannabis Symposium in May 2022 in Queensland which was the first big industry event since the pandemic.



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Outlook

The medical Cannabis industry in Australia continues to grow, with prescriptions having topped 260,000 since 2016, two-thirds of which having been approved after January 2021 showing that the market is now growing more rapidly. The Therapeutic Goods Administration has approved prescriptions for more than 130 different conditions, with most prescriptions being for chronic pain and anxiety.

While the medicinal Cannabis market continues to mature, Cann Global has strategically placed itself in the fast-growing natural health food and cosmeceutical space. Driven by growing environmental awareness, ethical concerns, and health reasons, consumers are choosing plant-based products more than ever before.

We are noticing an increasing preference of consumers toward natural products boosting demand for cosmeceuticals driven by an increased awareness about the benefits of natural ingredients over traditional products, including lesser side effects. The global cosmeceuticals market is projected to grow at a CAGR of 8.4% in forecast period, 2022-2029.

Now that Cann Global's transition is complete, the company, with a solid business model, and positioning in the fast-growing health and wellness industry with innovation, wellness, plant-based products and sustainability at its core, is very strategically placed to grow and create value for its shareholders.

About Cann Global

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.

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	30 June 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	82	861
1.2	Payments for		
	(a) research and development	-32	-118
	(b) product manufacturing and operating costs	-159	-944
	(c) advertising and marketing	-52	-283
	(d) leased assets		-32
	(e) staff costs	-152	-1,038
	(f) administration and corporate costs	-212	-1,260
1.3	Dividends received (see note 3)		
1.4	Interest received	93	193
1.5	Interest and other costs of finance paid	-11	-17
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (GST Refund)	21	44
1.9	**Net cash from / (used in) operating activities**	**-422**	**-2,594**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		-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 (12 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	30	-485
2.6	**Net cash from / (used in) investing activities**	**-30**	**-439**

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	-99	-119
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**	**-99**	**1,672**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,687	10,557
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-422	-2,594

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	30	-439
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-99	1,672
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**9,196**	**9,196**

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	9,196	9,687
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)**	**9,196**	**9,687**

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	24
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)	-422
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,196
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	9,196
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	21

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 July 2022.....

Authorised by: ....Sholom D Feldman Managing Director/CEO .....
(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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