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QUARTERLY REPORT

30 September 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 September 2022 ("Q1 FY23").

Quarterly Activity Summary

- Revenue for Q1 FY23 of $54k, primarily driven by Grass Roots domestic sales as bulk sales continue to drop.
- Launch of Grass Roots website last July already driving an increase in online sales.
- Partnership with I Quit Sugar (IQS) drives awareness of the brand within their online community.
- Grass Roots' products now available to purchase on Amazon Australia and other online marketplace.
- Paid Social Media strategy commenced with ads campaign started late September.
- End of JV agreement with JV partners Pharmocann with 100% revenue of Fuss Pot now attributable to Cann Global.
- As at 30 September, the Company continued to have a healthy cash balance of $8.6m.

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Financial Performance Overview

Cann Global presents the Q1 FY23 financial report.

Total revenue for the quarter was $54k, a decrease of 34% on the prior quarter due to the continued drop in bulk sales. Revenue of 54k is primarily driven by sales of Grass Roots to food retailers, wholesalers and distributors in Australia and will continue going up as expected as the business finalised its transition from bulk sales to our branded products for retail distribution. 20% revenue came from Bulk this quarter as opposed to 37% last quarter. 80% revenue came from branded sales as opposed to 62% last quarter, showing an increase in line with our strategies.

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 from this new business model 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.

Product manufacturing and operating costs have decreased by 13%, 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 in Q2 FY23 as production of the Grass Roots range is ramped up and as we prepare for the production of Fuss Pot in Europe and in Australia. Production of Fuss Pot has been delayed, as reported in our last quarterly report and again in our Annual Report to shareholders. Advertising and marketing expenses are down will continue to increase over coming quarters as Cann Global strengthen its brand awareness activities through digital marketing.

Administration and corporate costs of 213k are on par with prior quarter and are expected to increase in Q2FY23 as shareholders' services will increase due to the planning of the AGM and as audit fees become due and payable. As disclosed in our latest Annual Report to shareholders, audit fees for the financial year were 90k.

Pursuant to ASX LR4.7C.3, at item 6.1 of the appendix 4C, the company reported an aggregate amount to related parties of $32k. These payments represent payment for non-executive directors' fees.

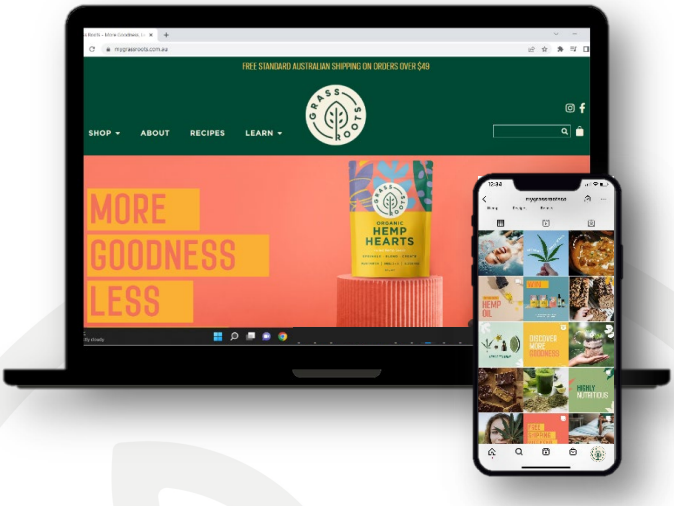
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Operational Performance Overview & Activities

Health Food

Sales of Grass Roots have seen a volume uplift across both distributor and online channels. Products are now ranged in several health food and independent grocery stores across NSW, QLD and VIC, including a few IGA stores.

Our new website became live in mid-July, with online sales already picking up and our Marketing team has launched paid Social Media activities including ad campaigns to continue driving brand awareness and conversion to online sales which should commence in October. We have launched online bundles and other key promotions to further drive online sales.



September was the first full month of partnership with I Quit Sugar (IQS) to drive awareness of the brand within their online community and further support our e-commerce strategy. We are working to amplify all content shared by IQS, as well as the key partnership activities.

Grass Roots is available for sale on different marketplaces including Amazon Australia and Buy Natural. Products on Amazon are sold and shipped directly by Amazon and stored in their warehouse. Our sales team is working with Amazon to drive traffic to our products and leverage this platform as a marketing tool.

We have completed the trial production of a unique Hemp Seed Oil product that is key to our upcoming new offering. With a successful outcome, we can now move to the commercialisation of a new range of 3 products to launch in H2FY23.

Our efforts to resume export activities continue as we progress discussions with our export partners.

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Hemp Cultivation & Processing

Under the plant funding program, the harvesting of the early transplants occurred as previously reported and the harvesting of the remaining plants will take place in November, when the photoperiod plants flower as the day length is shorter.

The seed production program supervised by Dr Chumpsai is on hold as we wait to receive more seeds from the USA but CGT expects to resume these activities as soon as possible and to expand its seed production business model as the market keeps expanding.



Cosmeceuticals

As reported in our latest Annual Report, in July, the Joint Venture between Cann Global and JV partners Pharmocann Ltd entered into in July 2020 with the aim to distribute skincare products in Australia and other markets has been dissolved by mutual agreement of both parties. Cann Global is now able to recognise 100% of revenue resulting from the sales of its skincare products under the Fuss Pot™ brand. This is a very positive outcome and our sales team will now commence key online marketing activities to sell the products manufactured under the soft launch pilot run before producing the new batch with updated product formulation and packaging.

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. At this stage, production at the start of Q3FY23 is planned for Europe as we continue our discussions with serious leads including leads with some prestigious pharmacy-led health and beauty retailers in the UK.

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Medicinal



As previously reported, the dispute with Medcan Australia has very seriously impacted our endeavours to increase sales. A counterclaim against Medcan has been prepared post year end, containing allegations that Medcan could not, and did not intend to, effectively and successfully leverage the cannabis industry network for the distribution of substantial volumes of Canntab products to the market in Australia, and which we allege was a breach of the Facilitation Agreement by Medcan.

We are in discussion with several other distribution partners to provide better services and enable us to sell the products which are now in demand following the different marketing and awareness activities undertaken during FY22. It is disappointing that the partnership with Medcan did not meet our expectations. The Board believes the termination of this agreement to be a positive outcome for Cann Global shareholders despite this dispute incurring legal fees, as the costs remain very low and this also avoids incurring further unnecessary losses for the payment of services that are not fulfilled in a satisfactory manner and also prevents any further share dilution from the continued issuing of shares to Medcan that were part of their original remuneration package. In addition, as a result of this legal action, Cann Global decided to also take the appropriate legal steps to endeavour to recover our past losses from Medcan and for damage caused.

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Outlook

Following the recent message from Joe Biden, president of the United Stated, set to review how Cannabis or Marijuana is scheduled under federal law, driving rallies in cannabis stocks, it is believed that it could have a great international impact and even spark a shift in perspective of the capital markets. In Australia, The Greens are moving ahead with the first national plan to legalise cannabis and are in the process of drafting a simple, effective and comprehensive legalise cannabis law that will be available for public consultation later this year.

Research by the Commonwealth Growth Centre for Food and Agribusiness, Food Innovation Australia Ltd (FIAL), has projected massive growth in demand for goods with verified nutrition and quality attributes, with most of the new demand in Asia. By 2025, the 'health and wellness' category, which includes plant-based protein, is forecast to be worth AU$3.4 trillion p.a..

Australian foods have an established reputation for quality and safety in the Asian markets [...]unlocking value-adding growth opportunities for Australia with growing global demand for healthy, sustainable, high-quality food goods.

In FY22, we made an important strategic decision to change our business model to focus our resources and capabilities to position ourselves for long-term, sustainable growth following a shift in customer buying behaviour as we see an increased awareness of the impact of climate change.

With a growing global population, the system challenges the world is facing that impact the health and wellbeing of people, animals, and the planet, new trends have emerged across almost every industry during the pandemic and our current value proposition is aligned with those trends.

Whilst the slow growth in revenue has been very disappointing to shareholders, Cann Global is now very strategically placed to grow and create value for its shareholders. Our focus on driving volumes through domestic and international distribution will continue pushing revenue growth. We expect revenue growth to be steady in FY23 as we penetrate new markets and grow our market share in current markets, but we anticipate it to grow quite rapidly in FY24.

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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 September 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	54	54
1.2	Payments for		
	(a) research and development	-1	-1
	(b) product manufacturing and operating costs	-133	-133
	(c) advertising and marketing	-22	-22
	(d) leased assets		
	(e) staff costs	-224	-224
	(f) administration and corporate costs	-212	-212
1.3	Dividends received (see note 3)		
1.4	Interest received		
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)		
1.9	**Net cash from / (used in) operating activities**	**-541**	**-541**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-11	-11
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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		
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	5	5
2.6	**Net cash from / (used in) investing activities**	**-6**	**-6**

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

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,196	9,196
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-541	-541

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-6	-6
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**8,649**	**8,649**

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	8,649	9,196
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)**	**8,649**	**9,196**

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	32
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)	-541
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,649
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	8,649
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	16

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: .....21 October 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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