



ASX ANNOUNCEMENT

30 August 2024

FY24 Results

- Revenue from sales of \$15.73 million, an 11.6% increase on revenue from FY23.
 - EBITDA (adjusted)¹ loss improves by \$4.20 million (34%) to \$13.2 million.
 - Loss after tax impacted by write-down of net assets to align to current market capitalisation.
 - Commercial production has increased by >100% to 4.43 tonnes for FY24.
 - Jenni Pilcher appointed CEO & Managing Director effective 1 April 2024.
-

30 August 2024 – Cann Group Limited (ASX: CAN) (**Cann** or the **Company**) today released its financial results for the financial year ending 30 June 2024.

Cann's CEO & Managing Director, Jenni Pilcher said *"This has been a year of reset for Cann Group. In recent months, the Company has right-sized its operations and achieved significant efficiencies and cost savings whilst maintaining our ability to produce high quality products. We are now poised to accelerate production scale via automation and process improvement and maximise sales via our Botanitech brand, with the product range set to expand next month. In conjunction with the production and commercial efforts, we will be firmly focused on ensuring the Company has the right financial foundation to position it for success in FY2025 and beyond."*

Sales

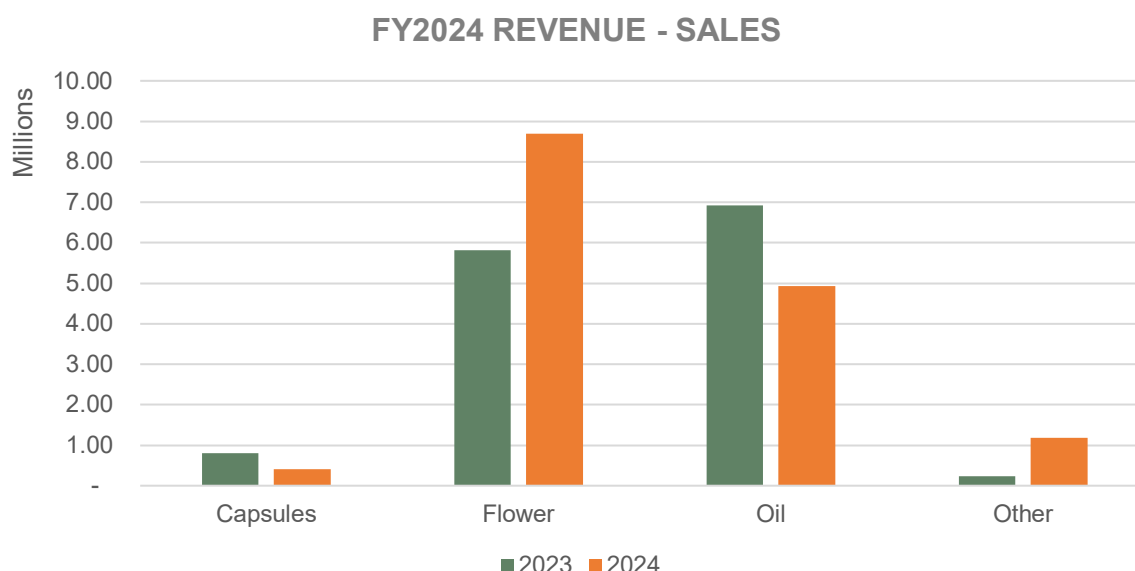
Sales revenue increased by \$1.59 million to \$15.37 million for the year ended 30 June 2024 (30 June 2023: \$13.78 million) representing an 11.6% increase to the prior corresponding period ("PCP"). Sales growth momentum this year was hampered by the ASX suspension period from 1 March 2024 to 4 June 2024.

Sales growth is attributable to dried flower sales increasing by 49% over the PCP to \$8.69 million, largely through the Cann's own-brand "Botanitech" sales which have grown 87% over the PCP to \$2.26 million. In addition, bulk dried flower sales contributed \$1.67 million to sales revenue this year (2023: \$0.35 million) reflecting the increase in production over the prior year.

¹ Earnings Before Interest, Tax, Depreciation & Amortisation, and excluding impairment charges on property, plant & equipment, and investments.

Oil sales have fallen by 29% over the PCP to \$4.93 million, mostly attributable to a decline in white label sales as the market generally was shifting towards dried flower, combined with much cheaper oil products becoming available via imports.

Contract packing services is a new services revenue line launched in June 2023, which has contributed \$1.19 million to sales revenue in the current year and represents a revenue growth opportunity going forward, leveraging Mildura’s laboratory facilities and GMP accreditation providing an alternative source of revenue.



EBITDA (adjusted)¹

EBITDA (adjusted) has improved by \$4.20 million, or 24.1%, over the PCP to a loss of \$13.20 million. This improvement can largely be attributable to the increase in sales revenue of \$1.59 million (as discussed above) and a reduction in direct production costs of \$2.92 million (19.3%) as a result of production becoming more efficient as the Mildura facility scales up.

Loss after tax

The loss after tax for the year has increased by \$17.45 million, or 51.6%, over the PCP to \$51.26 million. This result has been heavily impacted by a write down of the fair value of the Group’s property, plant and equipment at its Mildura facility of \$20.13 million. This adjustment was triggered by the presence of an impairment indicator given the current market capitalisation of the Company was significantly lower than the Company’s net assets (prior to the write down). The write down brings the associated property, plant and equipment carrying value to \$75.8 million which aligns to the “value-in-use” as determined by an external property valuation firm on 24 June 2024. Meanwhile, the Company has engaged a property agent for a potential sale and leaseback transaction of the Mildura facility which may realise a greater value.

¹ Earnings Before Interest, Tax, Depreciation & Amortisation, and excluding impairment charges on property, plant & equipment, and investments.

Manufacturing and cultivation

Production output at Mildura for the year ended 30 June 2024 was 4.43 tonnes, an increase of >100% over the PCP (30 June 2023: 2.2 tonnes).

FY2024 saw a focus on efficiencies through automation and more refined processes. Completion of the move to hang drying flower was completed with positive feedback from the market of the improved consistency of trim quality. Whilst hang drying accounts for nearly all drying, tray drying also remains an option for international markets that require it. Commissioning of new automated jar filling equipment commenced in Q4, which is expected to lead to greater efficiencies and lower costs going forward. In addition, separating different flower size and packaging it accordingly has enabled the business to provide a range of high-end craft type flower as well as a Value range to meet different price points and patient needs.

Several new cultivars were identified in FY24, with the desired traits of THC level and terpene profile, as commercially viable and now form part of the extended patient offering. The introduction of fresh genetic stock propagated through tissue culture techniques was introduced. Benefits include improved plant health and vigour as well as a reduction in the viral and bacterial pathogen load on mother plants.

Research and development

Cann continues to identify and develop new cultivars under our breeding program, to establish a suite of elite, commercially viable lines with top production traits and customer desirables, effectively expanding the product range for Cann Group. This year we evaluated 360 lines from 37 families and selected 31 new lines for further assessment at our Mildura facility and (subject to selection criteria) introduction into commercial production.

A small Phase 1 pharmacokinetic study of oral administration of Cann's CBD formulation² showed the maximum concentration (C_{max}) delivered by Cann's Satipharm capsules was around 3 times greater than that of the reference CBD oil, and this was achieved after 1.8 and 2.4 hours respectively – compared to 6.6 hours for the oil.

Development of THC containing Satipharm capsules is well progressed and once complete, will extend the range of the Satipharm capsules beyond the current CBD range.

Funding

During the year, the Company raised a total of \$13.16 million from a combination of equity, new debt facilities, and asset sales. In addition to the above funding, during the year the Company collected the outstanding \$1.9 million on 22 March 2024 from the sale of its former Southern facility, and \$3.5 million from the ATO under the R&D Tax Incentive Program. Both amounts were included in the prior financial year's result.

Authorised for release by the Board of Directors of Cann Group Limited.

² "A comparison of cannabis medicines containing CBD in healthy males" ANZ Clinical Trials Register ACTRN12623000944639

For all other information please contact:

Jenni Pilcher
CEO & Managing Director
Cann Group Limited
+61 3 9095 7088
contact@canngrouponlimited.com

Steven Notaro
Company Secretary
Cann Group Limited
+61 3 9095 7088
contact@canngrouponlimited.com

About Cann Group

Cann Group Limited (ABN 25 603 949 739) is enhancing patients' lives by developing, producing, and supplying innovative cannabis medicines. The Company has research facilities and corporate headquarters in Melbourne and operates a state-of-the-art large-scale cultivation and GMP manufacturing facility near Mildura, Victoria. Cann Group supplies a range of dried flower and oil products, as well as active pharmaceutical ingredients and extracts, to customers in Australia and around the world. Cann Group also owns Satipharm and its patent-protected capsule technology.

Learn more at: www.canngrouponlimited.com | www.satipharm.com