



# QUARTERLY REPORT

28 October 2021



# 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 2021 (“Q1 FY22”).

## KEY HIGHLIGHTS

- Revenue for Q1 FY22 of \$484k, an increase of 62% on the previous quarter (\$298k) and 8% on the prior corresponding period (pcp).
- Revenue growth was largely driven by Cann Global Thailand’s plant funding structure which generated initial revenue of \$203k during the quarter.
- Revenue from the health food division was marginally lower than the prior quarter with cash receipts from customers of \$281k, but this was in line with expectations.
- The soft launch of the Company’s premium, plant-based skincare range Fuss Pot at the International CBD Expo in France was well received with initial interest received from parties in France, Italy, Germany and Spain.
- Fuss Pot will launch in Australia during the Hemp, Health and Innovation Expo, now to be held virtually, commencing on November 6. The Fuss Pot website will go live in conjunction with the Expo allowing for the cosmeceutical range to be purchased online.
- The Company’s first order of Canntab’s Instacann products were received during the quarter and a formal launch program has commenced focussing on educating doctors about the products unique attributes. Renewed export permits have been received this month by Canntab enabling a further shipment which will include the THC 5mg product. Cann Global has current import permits for these products.
- As at 30 September the Company continued to have a healthy cash balance of \$10m.

# FINANCIAL PERFORMANCE OVERVIEW

---



Cann Global are pleased to report that total revenue for Q1 FY22 was \$484k an increase of 62% on the prior quarter and 8% on the prior corresponding period (pcp). This included the first revenue from the plant funding structure in Thailand of \$203k, representing 42% of the group's revenue.

Revenue from food retailers, wholesalers and distributors in Australia remained on par with the prior quarter while export revenues continue to be impacted by COVID. Revenue derived from the health food division was \$281k for the quarter.

Product manufacturing and operating costs along with advertising and marketing expenses have decreased more than 20% over the prior period as the rationalisation of the health food range continues and rebranding is prepared. These costs will likely increase when the new brand is launched in Q3 FY22.

Leased assets have increased as the Company has secured a new warehouse in Brisbane to house both the health food range and the cosmeceutical products. The new warehouse will replace the existing site in Coolum and whilst the cost of the new facility is similar to the premises in Coolum the Company has had to pay two months in advance to secure the lease for the Brisbane facility. The new larger warehouse will achieve cost synergies over the longer term with staff costs expected to decrease in Q2 FY22 as a result of the consolidation of the health food and cosmeceutical products warehousing.

In accordance with accounting standards, cashflows relating to the joint ventures - Pharmocann and Canntab, are now reported as loans to and payments from other entities. Consequently, research and development costs appear significantly lower than the prior quarter and the corresponding quarter last year.

Administration and corporate costs are \$354k, in line with the prior quarter and down 24% on pcp.

Pursuant to ASX LR4.7C.3, at item 6.1 of the appendix 4C, the company reported an aggregate amount to related parties of \$41k. These payments represent payment for non-executive directors' fees and directors' remuneration.

# OPERATIONAL PERFORMANCE AND ACTIVITIES

---



## ***1. Health Food***

The pricing structure review for Cann Global's health food portfolio was completed in Q4 FY21, with a key driver being to improve margins. The new pricing structure was activated on 1 October 2021.

Work on the range rationalisation has been completed and new branding and product development continue. The new brand will be launched in Q3 FY22 with a digital marketing campaign. 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.

The Company continues to work with export consultants Flying Tiger, to develop a strategy for a new brand and portfolio of products for the Chinese market. The strategy is expected to be finalised this quarter, Q2 FY22.

# OPERATIONAL PERFORMANCE AND ACTIVITIES

---



## *2. Hemp cultivation & processing*

The Company is pleased to report that both of its key partners in Thailand, AA Bio and Green Pharma Botanical, have received their cultivation and processing licences under the new CBD hemp regulations. Cann Global Thailand (CGT) will run its commercial operations under these licenses.

During the final quarter of FY21 CGT expanded its business model to take full advantage of these regulatory changes and 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. CGT has received two payments totalling \$203k from a UK investor. These funds will be used to cultivate 30,000 hemp plants. Planting of crops under the plant funding model is expected to commence in this quarter.

This model offers attractive returns for investors and for CGT it provides upfront revenue for working capital with the potential for a healthy profit margin on sale of product produced from the plant. This is expected to be a highly scalable model for the Company.

The plant testing program continues across Thailand to identify the most suitable varieties for producing commercial crops and is being supervised by Green Pharma Botanical, the largest commercial operator in Thailand, and their plant breeding scientists. CGT will also commence growing plants for the seed production program this quarter, Q2 FY22.

# OPERATIONAL PERFORMANCE AND ACTIVITIES

---

## 3. Cosmeceuticals

Cann Global has this month launched its premium range of skincare products. The Fuss Pot range was launched at the International CBD Expo in France and was well received with initial interest received from many countries including France, Italy, Germany and Spain and across multiple channels.



*Fuss Pot Stand at CBD Expo in Paris.*

ELFIE ✿ COMING SOON TO YOUR BATHROOM SHELFIE ✿ COMING

# OPERATIONAL PERFORMANCE AND ACTIVITIES

---

**fuss pot™**

POWERFUL SKINCARE FOR PICKY PEOPLE ✖

## 3. Cosmeceuticals (continued)

The soft launch of Fuss Pot in Australia will occur during the Hemp, Health and Innovation Expo now to be held virtually, commencing on November 6. The Fuss Pot website will be launched at the same time allowing for consumers to purchase the range online. Mass production together with a full marketing campaign will commence in Q3 FY22.

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.

A CBD range is now also 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 in pharmacies.

The Company continues to work with a specialist distribution consultancy to advance necessary activities to finalise distributors, wholesalers, and retailers of the Company's Fuss Pot range. This includes to export markets where consumer demand is high for plant-based skin care products such as South Korea, Japan, and Thailand.

# OPERATIONAL PERFORMANCE AND ACTIVITIES

---

## 4. Medicinal

Cann Global received its first shipment of Canntab CBD products, Instacann CBD 12.5mg and 25mg, during the quarter.

The pharmaceutical grade CBD 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 will also make the products available through their prescribing division 'Cann I help' and their link can be found on our website <https://canngloballimited.com/canntab/>.

This month Canntab Therapeutics' export permit was renewed and Cann Global is expecting to receive a further shipment of Instacann CBD 25mg and the THC 5mg product in the current quarter - Q2 FY22. Cann Global continues to hold a valid import license following renewal last quarter.



# OPERATIONAL PERFORMANCE AND ACTIVITIES

---



## 4. Medicinal (continued)

The Company recently announced that Western Sydney University's NICM Health Research Institute had been engaged to design a clinical trial protocol for the purpose of undertaking human clinical trials on the benefits of a cannabis strain identified through research sponsored by Cann Global and carried out by the Technion in Haifa, to assist in the recovery of, and to stop the progression of, the auto immune disease Multiple Sclerosis. The protocol will detail budgeting for the clinical trials to be conducted at eight sites across Australia.

# 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 (ASX:CGB) is a driving force in the hemp and medical Cannabis industries. Our strength comes from our team's core competencies and expertise, and our solid and strategic partnerships with experts in Australia, USA, Israel, Asia, Africa and Canada. We are working under the relevant legislation to ensure that the future in medical cannabis and natural foods will allow medical practitioners, patients, and consumers to gain access to the right information, as well as the safest, most effective and sustainable products.

## AUTHORITY AND CONTACT DETAILS

This announcement has been authorised for release by Sholom D Feldman, Managing Director. For further information please contact Sholom Feldman, Managing Director, on +61 (0)2 8379 1832, or via email at [investorrelations@cannglobal.com.au](mailto:investorrelations@cannglobal.com.au)

## Appendix 4C

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

**Name of entity**

CANN GLOBAL LIMITED

**ABN**

18 124 873 507

**Quarter ended ("current quarter")**

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	484	484
1.2 Payments for		
(a) research and development	-20	-20
(b) product manufacturing and operating costs	-168	-168
(c) advertising and marketing	-81	-81
(d) leased assets	-28	-28
(e) staff costs	-324	-324
(f) administration and corporate costs	-354	-354
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST Refund)	28	28
<b>1.9 Net cash from / (used in) operating activities</b>	<b>-461</b>	<b>-461</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

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 (JV)		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material): Cash flows spent on R&D and Marketing Activities towards the Pharmocann and Canntab JV	-114	-114
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-114</b>	<b>-114</b>

<b>3. Cash flows from financing activities</b>		
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)		
<b>3.10 Net cash from / (used in) financing activities</b>		

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	10,557	10,557
4.2 Net cash from / (used in) operating activities (item 1.9 above)	-461	-461

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-114	-114
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,982</b>	<b>9,982</b>

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

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	41
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>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.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	-461
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,982
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	9,982
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	22
<i>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.</i>	
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:	
<i>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.</i>	

## 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: .....28/10/2021.....

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.



Level 21, 133 Castlereagh Street, Sydney NSW 2000 - Australia

Telephone: (02) 8379 1832

[www.cannglobal.com.au](http://www.cannglobal.com.au)