

Quarterly Cash Flow Report and Operations Update for June 2024 Quarter

5 August 2024 - AusCann Group Holdings Limited (ASX: AC8) ('AusCann' or 'the Company') is pleased to update the market on its progress in the June 2024 quarter and attaches its Appendix 4C Quarterly Cash Flow report for the period.

Financial Update

The Company had \$2.520 million cash at bank as at 30 June 2024, with \$1.5 million of this amount held in high interest bearing call accounts.

Related party payments for the period were for Directors' fees and Corporate Services of \$74k paid from the pool of fees approved by shareholders.

Operational Update

Non-Binding Terms Sheet

On 17 May 2024 announced its intention to merge with European based cannabis manufacturer ECC Pharm, subject to the execution of a binding scheme implementation deed.

AC8 has signed a non-binding term sheet to acquire 100% of the shares in ECCPharm Limited (ECCPharm) (formerly European Cannabis Corporation Ltd) in script, on a 1:1 ratio by way of a scheme of arrangement pursuant to Part 5.1 of the Corporations Act 2001 (Cth).

ECCPharm and its 100% owned subsidiaries; ECCPharm DOOEL and RH Pharma hold all licences for the production and sale of medical cannabis into Europe and operate a fully integrated German GMP cannabis cultivation and extraction facilities that it has built in Macedonia over the past 5 years.

AusCann has funded the ECCPharm business for the last 2 years via a secured loan arrangement with a view to potentially acquire the business. The Company is pleased to announce that the German government passed new legislation on April 1st, 2024. This results in the path and regulatory environment being clear for ECCPharm to scale up to meet the large medical cannabis demand anticipated from Germany, and broader Europe.

Developments at ECCPharm

Outlook 2024

New Medical Cannabis Law in Germany

Mid-2024 is set to be a landmark period with the expected change in Germany's Narcotic Drugs Act (BTMG). This anticipated legislative change could dramatically reshape the medical cannabis landscape in Germany, offering new opportunities and challenges. In preparation for this, HAPA pharm is developing a new strain of medical cannabis, tailored to thrive under the new regulatory framework. This strategic development aims to reinforce our strong market presence and capitalize on the evolving market dynamics, ensuring that ECCPharm remains at the forefront of the industry.

Expansion to Poland

In late 2024 it is expected that HAPA pharm will commence selling product in Poland, a move that highlights ECCPharm's ongoing commitment to unlocking significant sales channels via European expansion. By entering the Polish market, HAPA pharm aim to bring their high-quality medical cannabis products to a new audience, demonstrating our commitment to making these products accessible in emerging markets. This expansion is not just a geographical growth, but a strategic step in reinforcing ECCPharm's position as a leader in the European medical cannabis industry. ECCPharm believes that

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their entry into Poland will not only benefit patients in need of high-quality medical cannabis but also strengthen their position as an innovative and trusted provider in the European market.

CannPal Animal Therapeutics Limited

AusCann is pleased to provide an update on the activities of CannPal during the quarter. AusCann divested 58% of AusCann to remove the cost burden from AusCann while retaining a significant interest in Cannpal as it progressed through its R and D activities and potentially to commercialisation. This strategy has reduced costs to AusCann while also allowing CannPal to continue progressing through development and commercialisation activities, unburdened by a parent Company.

CannPal is in the late stages of negotiations relating to a co-development and commercialisation agreement with a major animal health Company following the completion of a long due diligence and review process. During the quarter these discussions progressed to a non-binding letter of intent, and CannPal intends on finalising a definitive agreement in H2, 2024.

Corporate Update

On 11 June the Company announced the resignation of Brett Mitchell as Non-executive Director and the appointment of Mr Piers Lewis as Non-executive Director. Piers has over 25 years of corporate advisory experience with various ASX and AIM listed Company's.

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This ASX announcement was authorised for release by the Board of AusCann.

For more information, please contact:

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Appendix 4C

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

Name of entity

AusCann Group Holdings Limited

ABN

72 008 095 207

Quarter ended

30 June 2024

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	-	-
1.2 Payments for		
(a) research and development	-	(71)
(b) product manufacturing and operating costs	(2)	(37)
(c) advertising and marketing	-	(5)
(d) leased assets	-	-
(e) staff costs	(77)	(336)
(f) administration and corporate costs	(120)	(614)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	76	396
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	595	595
1.8 Property Rental and outgoings income	-	-
1.9 Net cash from / (used in) operating activities	472	(72)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities (net of cash acquired)	-	-
(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 (12 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(245)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(500)	(3,446)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(500)	(3,691)

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	(38)	(38)
3.7 Transaction costs related to loans and borrowings & acquisition cost	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	978
3.10 Net cash from / (used in) financing activities	(38)	940

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,586	5,343
4.2 Net cash from / (used in) operating activities (item 1.9 above)	472	(72)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(500)	(3,691)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(38)	940
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,520	2,520

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	1,020	1,086
5.2	Call deposits	1,500	1,500
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)	2,520	2,586

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	74
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Explanation of payments to related parties.		
- Payment of remuneration to directors for director services.		
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		

7. Financing facilities <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>	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 Overdraft (refer below)	-	-
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) (excluded Government grants and tax incentives)	472
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,520
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,520
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
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: n/a	
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: n/a	
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: n/a	
Note where item 8.5 is less than 2 quarters, all of the questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.	

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: 31 July 2024

Authorised by: .The Board of Directors. of AusCann Group Holdings Ltd....
(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.