



ASX ANNOUNCEMENT

Q3 – 31 MARCH 2025

QUARTERLY ACTIVITIES REPORT & APPENDIX 4C

For the quarter ended 31 March 2025:

Production of 1.53 tonnes, up 20% on the PQ, on track for 5.0 - 5.5 tonnes for FY2025.

Net operating cash flow (before interest and R&D tax credit incentives) improved by 27% and 37% against the PQ and PCP respectively.

Sales of \$2.33m were down 38% on the PQ reflecting impact of timing of orders.

Funding: \$0.75 million raised via convertible note facility with Obsidian.

30 April 2025 – Cann Group Limited (ASX: CAN) (**Cann** or the **Company**) is pleased to provide its Quarterly Activities Report and Appendix 4C for the quarter ended 31 March 2025 (**Current Quarter** or **CQ**). The prior quarter is 31 December 2024 (**Prior Quarter** or **PQ**) and the previous corresponding period is the quarter ended 31 March 2024 (**PCP**).



OPERATING CASH FLOWS

Net cash outflows from operating activities for the Current Quarter were \$2.71 million representing a 174% increase in outflows against the Prior Quarter of \$0.99 million, which included the annual receipt for the FY2024 R&D tax credit refund of \$1.965 million.

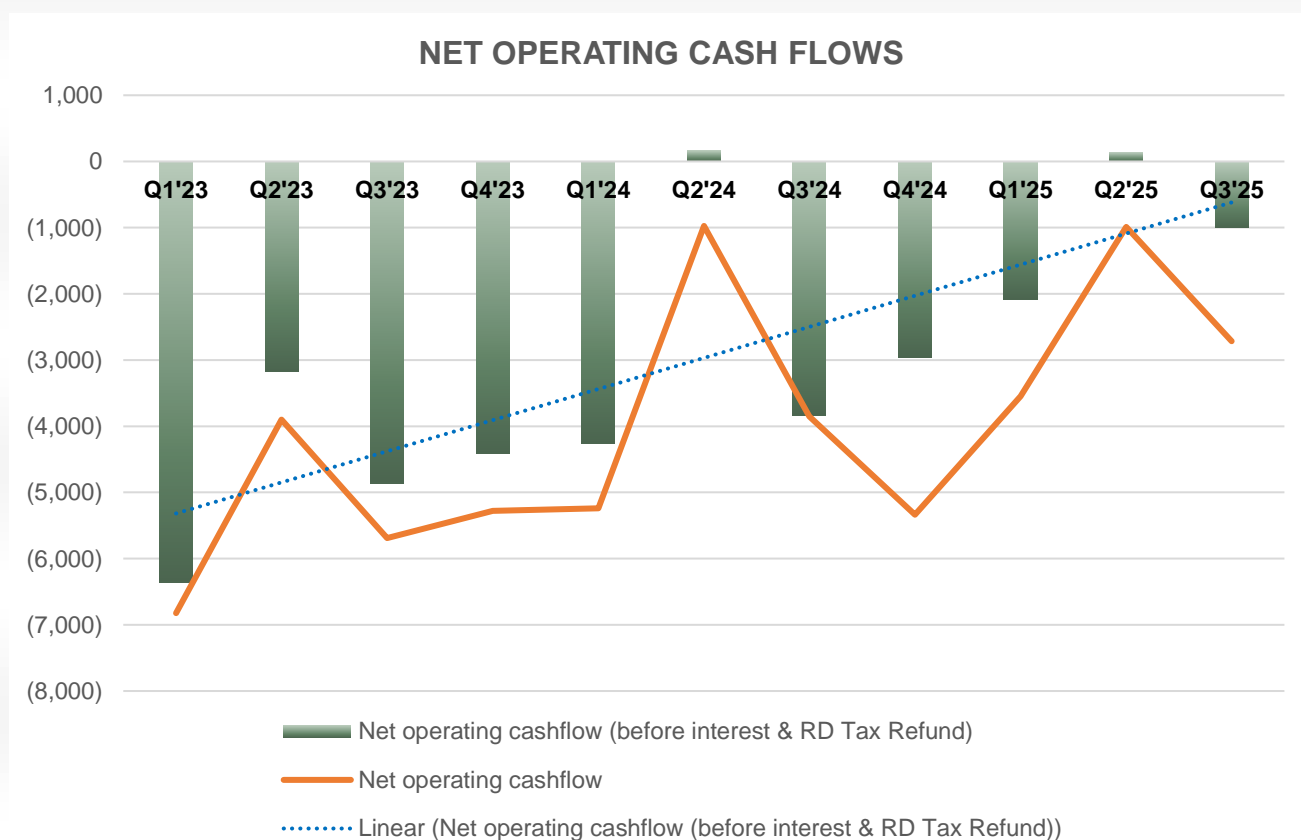
Receipts from customers of \$3.04 million were down (13.5%) against Prior Quarter, primarily due to reduced order volumes from white label customers and the timing of customer orders during the period.

The Company continues to find savings in its cost base, with payments to suppliers and staff totalling \$4.41 million, down 16.3% and 37.6% compared with the Prior Quarter and PCP respectively.

Cash outflows from operating activities includes an amount of \$0.90 million for interest paid in the Current Quarter which has been capitalised to the Company's construction loan, as agreed by National Australia Bank (**NAB**).

Net cash outflows from operating activities includes \$139k of payments to Directors (including the Managing Director), being related parties.

The chart below demonstrates the continuing improvement in operating cash flows since the start of FY2023:



SALES & THE MARKET

Total sales revenue (unaudited) for the current quarter amounted to \$2.33 million, reflecting a 38% decline from the previous quarter and a 25% decrease compared to the same period last year. Despite ongoing pricing and competitive pressures in the market, Cann Group continued to strengthen its strategic alliances and explore growth opportunities to support long-term sustainability as outlined below.

New Supply Agreements with Local Partners

During the quarter, the Company made meaningful progress across several important commercial partnerships. These included new distribution opportunities and expanded manufacturing and supply agreements with local partners seeking consistent access to high-quality, Australian-grown flower. Cann Group also continued to deliver value to long-term customers through product consistency, competitive pricing, and service.

Botanitech Competitively Priced

To support partner margins and improve patient affordability, a detailed review of operational and production costs was completed. This review led to the Company implementing targeted price reductions across the Botanitech range, bulk flower, and contract packaging services, all while maintaining margins, and high standards of product quality and availability.

Botanitech Range Set to Expand

Cultivar selection from our elite genetics program was finalised, with new varieties selected for ongoing cultivation based on commercial traits such as yield, cannabinoid profile, visual appeal, and patient preference. These will form the basis of upcoming Botanitech SKUs, with several new products, including a range of gummies, scheduled for launch in the coming months.

Botanitech Reach Expands via Chemist Warehouse Distribution

Customer reach continued to expand, with the onboarding of multiple new Botanitech customers this quarter. This included new supply agreements with eleven Chemist Warehouse stores across Queensland. Cann Group continues to work directly with pharmacies and distributors to ensure the Botanitech range remains widely accessible and affordable for Australian patients, with continued growth in customer agreements expected in the coming periods.

Tourette Syndrome Pilot Study

Cann Group remains committed to supporting an evidence-based approach to the therapeutic use of medicinal cannabis. Notably, this quarter saw the publication of a pilot study conducted by researchers from the Murdoch Children's Research Institute and the Royal Children's Hospital in Melbourne, assessing the use of Cann Group's medicinal cannabis oil in adolescents with Tourette Syndrome. The study was published in the journal Cannabis and Cannabinoid Research.



MILDURA FACILITY

Production continues to be on track, with this quarter delivering 1.534 Mt of dried flower. This is an increase of 20% over the Prior Quarter. Annual production is estimated at around 5.3 Mt, with the final quarter expected to deliver a strong result as the facility operates at maximum production.

Several batches of mother plants were replaced with seedlings prepared using sophisticated tissue culture techniques. This ensures genetic vigour is maintained, fresh mother stock is pure and not contaminated with production-limiting pathogens such as the hop latent viroid virus.

Production gains were achieved by concentrating on improving post-harvest processes to improve the wet plant to dry flower conversion ratio.

The R&D screening process has delivered up to five promising new cultivars which are to be tested in the market shortly. Meanwhile the focus has been on producing the top five income-generating cultivars which deliver a range of THC to suit the Botanitech range and the demand from white label, bulk and export customers.



R&D PROGRAM

Recently, the Company made the decision to transfer its R&D program from its Melbourne-based facility at La Trobe University (**LTU**) to its cultivation and production facility near Mildura, Victoria. This decision was driven by the cost efficiencies gained by closing one facility and by the perceived advantages of having the R&D program being conducted under the same growing conditions as commercial production. During the Quarter, the Company completed this transition, with all key genetics being transferred to Mildura.

Despite the closure of Cann's R&D facility, the long-standing collaboration with La Trobe University will continue. The tissue culture program which produces pure, disease-free vigorous plants for mother plant replacement will be maintained by LTU until it can be relocated to Mildura. The collaboration with LTU and Spex AI to install AI imaging capability together with high-performance computing will allow Cann to capture and manage data for correlation with plant growth and health.

FINANCING

The Company continues to pursue a refinancing of its core debt which has a maturity date of 30 September 2025 and is in discussions with several potential lenders. Whilst undertaking this process, the Company has secured important short-term funding, which has largely been directed to production activities, as follows:

- a drawdown of \$750,000 on its convertible note facility with Obsidian Global GP, LLC in March
- Subsequent to the end of the Quarter:
 - \$711,902 (before costs) via a private placement to sophisticated investors
 - \$836,469 advance from Radium Capital against Company's expected Research and Development (R&D) Tax Incentive for FY2025

Debt facilities update

Debt facilities have been restructured to support cash flow, as follows:

- The private credit facility's maturity is in the process of being extended to 30 September 2025, with accrued interest since 1 February 2025 to be settled via share issuance
- NAB facilities have been now been formally amended via a amendment and forbearance deed to capitalise quarterly interest on the construction loan and extend maturity to 30 September 2025 on all loans (as previously announced)

These measures collectively strengthen Cann's balance sheet while broader refinancing discussions progress.

Q4 OUTLOOK

The Company anticipates continued sales growth in Q4, driven by strong demand for its Botanitech product range. This momentum is further supported by newly signed supply agreements with eleven Chemist Warehouse pharmacy outlets in Queensland, secured in early April. These partnerships are expected to contribute meaningfully to brand visibility and revenue expansion.

Operational efficiency remains a key focus, with ongoing efforts to reduce the cost base, thereby supporting further improvements in EBITDA. On the production front, capacity at the Mildura Facility is set to increase from 1 to 1.5 rows of plant, positioning the Company to deliver 5.0 to 5.5 tonnes for FY2025.

The Company will also continue to collaborate with its financial advisers to implement a comprehensive restructure plan aimed at long-term profitability and growth. Recent funding via a convertible note, private placement, and an R&D tax refund advance has been instrumental in supporting this strategic transition.



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

FOR ALL 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

Appendix 4C

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

Name of entity

Cann Group Limited

ABN

25 603 949 739

Quarter ended ("current quarter")

31 March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,044	10,199
1.2 Payments for		
(a) research and development	(2)	(4)
(b) product manufacturing and operating costs	(1,257)	(4,049)
(c) advertising and marketing	(1)	(37)
(d) leased assets	-	-
(e) staff costs	(2,519)	(7,465)
(f) administration and corporate costs	(634)	(3,767)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid ¹	(1,712)	(4,307)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives ²	330	2,295
1.8 Other (provide details if material) ³	(38)	(113)
1.9 Net cash from / (used in) operating activities	(2,713)	(7,247)

¹ Interest paid includes \$0.9 million that has been capitalised to the Company's loans (also showing as proceeds from borrowings in the financing activities section)

² R&D Tax Incentive Rebate received in Q2 relating to financial year ending 2024 of \$1.965 million.

³ GST payments to ATO

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(83)
(d) investments	-	-
(e) intellectual property	-	-

Appendix 4C

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	15
(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)	-	-
2.6 Net cash from / (used in) investing activities	-	(68)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,029
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	-	(77)
3.5 Proceeds from borrowings ⁴	2,607	5,253
3.6 Repayment of borrowings	-	(1,450)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (net cash from finance leases)	(33)	(102)
3.10 Net cash from / (used in) financing activities	2,574	5,653

4 Includes \$0.9 million of interest capitalised on the Company's construction loan.

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	60	1,639
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,713)	(7,247)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(68)

Appendix 4C

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,574	5,653
4.5	Effect of movement in exchange rates on cash held	13	(43)
4.6	Cash and cash equivalents at end of period	(66)	(66)

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	-	60
5.2	Call deposits	-	-
5.3	Bank overdrafts	(66)	-
5.4	Other (bank guarantees)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(66)	60

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 ¹	139
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>		

¹ Remuneration payments made to Directors, including the CEO & Managing Director, in their capacity as directors being related parties for the current quarter.

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	66,783	66,673																					
7.2	Credit standby arrangements	-	-																					
7.3	Other (Corporate Credit Cards)	55	-																					
7.4	Total financing facilities	66,838	66,673																					
7.5	Unused financing facilities available at quarter end		165																					
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.																							
The loan facilities have been provided by the National Australia Bank, and have the following terms:																								
<table><tr><th>Facility</th><th>Limit</th><th>Expiry Date</th><th>Interest Rate (per annum)</th><th>Interest Payment Terms</th></tr><tr><td>NAB Construction Facility (secured)</td><td>\$51.2m</td><td>30 Sept 2025</td><td>BBSY + 2.64% (+0.35% facility fee) effective 24 May 2024</td><td>90 days in arrears</td></tr><tr><td>NAB Working Capital Facility (secured)</td><td>\$15.6m</td><td>30 Sept 2025</td><td>BBSY + 2.34% (+0.35% facility fee) effective 1 June 2024</td><td>90/180 days in arrears</td></tr><tr><td>Private Credit Lender (secured)</td><td>\$5m</td><td>6 May 2025*</td><td>15%</td><td>Monthly in arrears</td></tr></table>					Facility	Limit	Expiry Date	Interest Rate (per annum)	Interest Payment Terms	NAB Construction Facility (secured)	\$51.2m	30 Sept 2025	BBSY + 2.64% (+0.35% facility fee) effective 24 May 2024	90 days in arrears	NAB Working Capital Facility (secured)	\$15.6m	30 Sept 2025	BBSY + 2.34% (+0.35% facility fee) effective 1 June 2024	90/180 days in arrears	Private Credit Lender (secured)	\$5m	6 May 2025*	15%	Monthly in arrears
Facility	Limit	Expiry Date	Interest Rate (per annum)	Interest Payment Terms																				
NAB Construction Facility (secured)	\$51.2m	30 Sept 2025	BBSY + 2.64% (+0.35% facility fee) effective 24 May 2024	90 days in arrears																				
NAB Working Capital Facility (secured)	\$15.6m	30 Sept 2025	BBSY + 2.34% (+0.35% facility fee) effective 1 June 2024	90/180 days in arrears																				
Private Credit Lender (secured)	\$5m	6 May 2025*	15%	Monthly in arrears																				
*Lender has agreed to an extension to 30 September 2025 which is in the process of being formally documented.																								
In addition, Cann has a leasing facility which has a revolving leasing limit (MAFA) of \$0.75m which will decrease when goods are financed but increase again when repayments are made. Each financing lease covered under the MAFA will have a different rate, determined by the Reserve Bank of Australia's then current rate and the nature of the item that is being leased. Cann can repay each lease over a period of 24 – 60 months.																								

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,713)
8.2	Cash and cash equivalents at quarter end (item 4.6)	(66)
8.3	Unused finance facilities available at quarter end (item 7.5)	165
8.4	Total available funding (item 8.2 + item 8.3)	99

8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	-27.4
<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	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>No, the entity expects net operating cash flows to continue to improve over the coming quarters. This improvement is expected to come from the following:</p> <ul style="list-style-type: none"> NAB have agreed to capitalise interest payments for the next quarter, having already capitalised interest for the quarters ended 30 November 2024 and 28 February 2025 to the amount of \$1.8m. Net cash outflows from operations (excluding interest payments and the annual R&D credit refund) continue to improve with the Group posting a 27% improvement over last quarter, which follows a 12% improvement for Q2 2025 over Q1 2025. </div> <p>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?</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>Yes, the Company has taken steps since the end of the Quarter to raise further funding as follows:</p> <ul style="list-style-type: none"> - In April 2025, the Company raised \$711,902 (before costs) via a private placement to sophisticated investors - In April 2025, the Company received \$836,469 as an advance from Radium Capital against Company's expected Research and Development (R&D) Tax Incentive for FY2025 - The Company is in the process of restructuring its core debt, discussions with relevant parties are continuing; - The Company's convertible note facility continues to be an important source of funding for the Company, with a further \$750,000 being raised during the current Quarter. The facility has \$12.25m capacity remaining. - The Company's main financier, NAB, are continuing to demonstrate their support for the Company, most recently having agreed to a capitalisation of two quarters' interest on the Construction Loan and the deferral of one quarterly interest on the Working Capital Facility, together with an extension of maturity dates. - The Company's private credit lender has agreed to an extension of maturity date to 30 September 2025 and for interest to be settled with shares, rather than cash. - The Company intends to hold an EGM on 30th May 2025 which seeks shareholder support for resolutions which will have the effect of refreshing its 15% placement capacity which will provide further optionality for equity raisings. - The Company has a proposal for an "At The Market" facility which it is considering. </div> <p>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?</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <ul style="list-style-type: none"> - Yes. The capitalisation and deferral of quarterly interest for the next quarters together with funding options being pursued, for example the R&D Tax Incentive Loan, and/or support from NAB, will mean the Company can meet its operational cash flow requirements, based on current levels of activity for the next two quarters. </div> <p><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></p>	

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:30 April 2025.....

Authorised by:The Board of Cann Group Limited.....
(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 – e.g., 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.