



ASX ANNOUNCEMENT

Q2 – 31 DECEMBER 2024

# QUARTERLY ACTIVITIES REPORT & APPENDIX 4C

For the quarter ended 31 December 2024:

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Cash receipts from operating activities of \$3.52m received during the quarter, down 3% on the PQ, down 35% on the prior corresponding period ("PCP").

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Cash payments for operating activities (before interest) of \$5.26m, an improvement (reduction) of 7% and 40% on the PQ and PCP respectively.

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Net cash outflows from operating activities \$0.99m, an improvement (reduction) of 72% on the PQ and 11% higher than the PCP, noting that the R&D Tax Credit Refund was \$1.50m higher in the PCP.

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R&D Tax Credit Refund received during the quarter of \$1.965 million.

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Sales revenue (unaudited) of \$3.75m, an increase of 39% on the PQ and a decrease of 16% on the PCP.

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Production of 1.28 tonnes, up 26% on the PQ.

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**31 January 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 December 2024 (**Current Quarter** or **CQ**). The prior quarter is 30 September 2024 (**Prior Quarter** or **PQ**) and the previous corresponding period is the quarter ended 31 December 2023 (**PCP**).



## QUARTERLY WRAP-UP

This quarter, the Company bettered its previously stated target of cash flow neutral net operating cashflow result (excluding interest), reporting a positive operating cash flow (excluding interest) of \$0.14 million, largely due to the receipt of the R&D tax credit refund as expected.

Cann produced 1.28 tonne of dried flower in the Current Quarter – up 26% from the Prior Quarter. Cann remains on track to meet its targeted production of 5.5 tonnes for FY2025.

During the Current Quarter, the Company raised just over \$2 million from existing shareholders under its non-renounceable entitlement offer launched in October 2024. The Company continues to pursue options to raise up to a further \$4 million under the shortfall capacity, as well as other financing options with existing and new financiers.

The Company continues to improve its net operating cash outflows from quarter to quarter, and whilst there does remain a need for capital in the short term to allow the Company to execute on its plans, the Company does have several funding options available to it. The next sections discuss the quarter in more detail.

## OPERATING CASH FLOWS

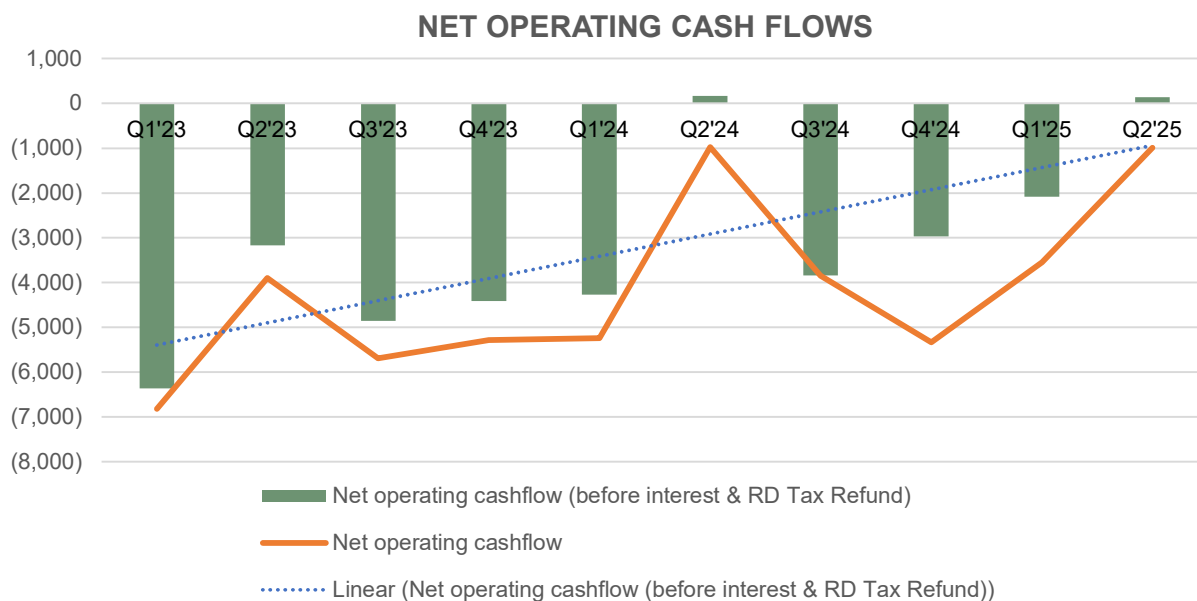
Net cash outflows from operating activities for the Current Quarter were \$0.99 million, representing a 72% improvement (less cash outflows) over the Prior Quarter of \$3.55 million. The improvement is largely due to the receipt of \$1.965 million for the R&D tax credit refund, a deferral of one quarter's interest on the Company's working capital facility of \$0.27 million, and continued cost savings of approximately \$0.38 million.

Cash outflows from operating activities includes an amount of \$0.88 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). NAB are currently considering the Company's request to also capitalise the next two quarterly interest payments, together with an extension of the loan maturity dates, and the Company expects to receive approval for this request in the coming days.

Receipts from customers of \$3.52 million were down marginally (3.3%) against Prior Quarter. The Company continues to find savings in its cost base, with payments to suppliers and staff totalling \$5.27 million, down 7% compared with the Prior Quarter.

Net cash outflows from operating activities include \$152k of payments to Directors, being related parties.

The chart below demonstrates the continuing improvement in operating cash flows since the start of 2023:



## SALES & THE MARKET

Consolidated sales for the Current Quarter were \$3.75 million, representing a 39% increase compared to the Prior Quarter, and a 16% decline compared to the PCP. The increase against the Prior Quarter was mainly due to an increase in bulk flower sales to major industry partners. The decline against the PCP was primarily driven by significant pricing pressure caused by continued changes in market dynamics, particularly in the flower segment, as well as reduced contract service opportunities.

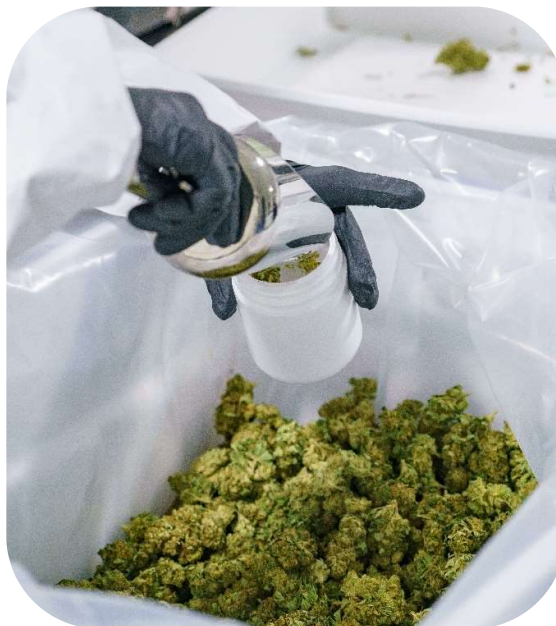
In response, Cann Group has implemented several strategic measures to address these challenges. These include the ongoing enhancements to cultivation and production processes, a strategic reassessment of commercial cultivars, and continuous refinement of the Botanitech brand strategy.

Despite challenging market conditions, the quarter demonstrated significant operational progress. Cann Group successfully met its commitments to white-label customers, achieving a 35% increase in white-label production and delivery compared to the previous quarter.

The Company remains focused on ensuring a consistent supply of its Botanitech range of products to Australian patients through its network of distributors and consignees. A comprehensive review of the Botanitech flower portfolio has been completed to align with market demands for 2025. Pending the commercial viability of R&D cultivar assessments from the Mildura facility, new and refined products will be introduced to patients throughout the coming year, starting with Cann's New Release Genetic (NRG) flower product, sold under the Botanitech brand, which will come to market next month. Additional product formats are also being evaluated to further diversify the portfolio.

This quarter also included significant progress in developing new partnerships. Discussions covered a range of opportunities, including the sharing of genetics, acquisition of new cultivars, white-label production, Botanitech collaborations, and contract manufacturing arrangements. These initiatives aim to strengthen Cann Group's market position and support long-term growth.

Cann Group remains committed to adapting to market changes and delivering innovative, high-quality products to meet patient needs. With a strong focus on operational efficiency, strategic planning, and market responsiveness, and provided the Company can execute on its financial restructuring objectives, the Company is positioned for sales growth in the quarters ahead.



## MILDURA FACILITY

During the quarter, several external parties visited Cann's Mildura facility, further validating the strength of our operation with their positive feedback around the processes, the team, quality of the plants, and the automation. The Mildura facility has been focusing on the following activities and initiatives during the Current Quarter:

- Production of 1.28 tonne across 17 cultivars, compared to 1.01 tonne for the Prior Quarter. The Company is on track to meet its >5 tonne objective for FY2025.
- Refining the Integrated Disease and Pest Management plan to reduce the effects of insects and disease resulting in improved crop yields.
- Refining glass house environmental controls to cope with multiple greater-than-40-degree days to protect against crop losses.
- Continuous improvement in relation to increasing dry flower yield by reducing biomass prior to the cutting and drying phase to allow for more efficient dry trimming.
- Final planning phase to engineer a carbon dioxide recirculation system to lower CO<sub>2</sub> cost and reduce emissions from gas fired boilers.
- Training of staff in planting out cuttings produced from tissue culture at the Northern facility. Tissue culture cuttings ensure ongoing disease-free, genetically pure mother stock.



- Collaboration with SuniTafe Mildura providing Certificate 2 training in Protective Cropping (Medicinal Cannabis) for six staff. This is the first course of its kind in Australia which is aiming to achieve national accreditation status.

## R&D PROGRAM

Cann's R&D program has been focusing on the following activities and initiatives during the Current Quarter:

- Ongoing evaluation of over 800 lines across 44 families derived from seed purchased internationally and from in-house breeding has led to 40 R&D lines under further evaluation at Mildura and this quarter we can report that a further 4 promising strains have been identified with plans to undergo scale up and commercial introduction.
- La Trobe University delivered a Dossier and Report on Tissue Culture of Cannabis which covers elements of lab practices to enable users to undertake explant introduction to tissue culture, maintenance of germplasm and preparation of media to sustain plant growth in vitro. This work stems from the ARC funded Medicinal Agriculture Hub in which Cann is the lead Industry Partner.
- Ongoing Implementing of a collaboration between La Trobe University, Spex AI and Cann which establishes a production-level AI imaging capability through translation of research laboratory outputs and data transfer, between La Trobe University and Cann. Image capture, data acquisition and storage, and High-Performance Computing (HPC) systems will be used to capture and manage data for correlation with plant growth and health. It will assist in establishing machine learning and Artificial Intelligence (AI) algorithms to predict disease or plant attributes from images.
- The development of Satipharm formulations containing THC has progressed with the optimisation of formulation dosing for capsules containing THC and the combination of THC and CBD.



## PERSONNEL

As of January 2025, Cann's workforce comprises 95 staff members: 35 are casual, and 60 are full/part time employees. Of those, 57 based at the Mildura facility, 25 comprise the corporate team who work from home, and 13 (mainly casuals) at the Research & Development Facility. The Company's ongoing right-sizing initiatives aimed at maintaining an optimal cost-base have resulted in a 26.9% reduction in head count compared to January 2024.

Cann continues to champion gender diversity, with a good balance of female (54%) and male (46%) employees. This steady ratio has been maintained since January 2024 and reflects Cann's commitment to creating an inclusive workplace. This commitment is also exemplified at the organization leadership level, as the Company's Executive Leadership Team proudly maintains equal gender representation.

Since July 2023, Cann has collaborated with Suni-TAFE Mildura to support the development of the AHC21819 Certificate II in Protected Horticulture. Through this partnership, Cann has contributed to the creation of learning, assessment, and practical training resources for the course. This program is designed to be accessible to regionally based teams and is available online. The first intake commenced in September 2024 and is being offered exclusively to Cann's cultivation team, providing them with hands-on experience across the entire production process, including propagation, tissue culture techniques, cultivation, and pharmaceutical production.

As part of Cann's ongoing partnership with Latrobe University, the Mildura facility has once again hosted Agricultural Science students from Latrobe University Melbourne to complete their placement at our state-of-the-art facility. This marks the second consecutive summer that the Mildura facility has provided placement opportunities to Latrobe University students, demonstrating our commitment to fostering talent and strengthening ties with leading academic institutions in the region.

## FINANCING

The following financing events occurred during the Current Quarter:

Last quarter, Cann appointed LAWD as sole agent for a potential sale and leaseback of its Mildura facility. Since then, the Company received expressions of interest, and one term sheet. The terms offered were not considered beneficial to the Company and the sale and leaseback opportunity is no longer being pursued at this current time.

Last quarter, Cann drew down of \$0.50 million from its short-term debt facility it has established with a high net-worth lender. Of this \$0.30 million was repaid, and \$0.20 million plus interest was converted to fully paid ordinary shares under the short fall placement within the NREO such that this loan was fully settled in the Current Quarter.

Last quarter, Cann received an advance of \$1 million from Endpoints Capital Pty Limited (Endpoints), providing early access to the Company's expected Research and Development Tax Incentive for FY2024 of \$1.965 million (R&D Refund). This loan was repaid (together with \$0.04 million of interest and costs) upon receipt of the Company's R&D Refund on 1 October 2024.

On 7 October 2024, the Company announced a non-renounceable entitlement offer to raise a maximum of \$6.25 million. At the closing date of 25 November 2024, the Company raised \$2.025 million (before costs). The Company is now pursuing a placement of the shortfall (~\$4 million), led by its appointed broker, Alpine Capital.

On 27 November 2024, the Company announced it had requested its major financier, National Australia Bank (NAB) to defer three quarters of interest payments and extend maturity dates for its loans. Cash outflows from operating activities this quarter includes an amount of \$0.88 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). NAB are currently considering the Company's request to also capitalise the next two quarterly interest payments, together with an extension of the loan maturity dates from 31 May 2025 to sometime in 2026. The Company expects to receive approval for this request in the coming days.

In January, the Company appointed an external financial advisory firm to assist the Company with restructuring its balance sheet. The Company believes a restructuring is necessary at the current time to position itself for further growth and to achieve profitability.

## OUTLOOK

Next quarter (Q3), the Company expects to continue sales growth via its Botanitech product range, which is set to increase with new releases. Coupled with that, the Company believes it can still find further efficiencies which will lower its cost base, ensuring that EBITA continues to improve.

Production is set to increase next quarter, such that the 5.5 tonne for FY2025 target is achieved, making Cann one of the largest producers of medicinal cannabis in Australia. This production target underpins the Company's sales targets.

Next quarter, the Company will be working closely with its financing advisers to identity a restructure plan which will position the Company for growth and profitability in the foreseeable future. The Company will also be pursuing shorter term funding support via the NREO shortfall and NAB in parallel.

**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](mailto:contact@canngrouponlimited.com)

Steven Notaro  
Company Secretary  
Cann Group Limited  
+61 3 9095 7088  
[contact@canngrouponlimited.com](mailto: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](http://www.canngrouponlimited.com) | [www.satipharm.com](http://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 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,518	7,155
1.2 Payments for		
(a) research and development	(1)	(2)
(b) product manufacturing and operating costs	(1,367)	(2,793)
(c) advertising and marketing	(2)	(36)
(d) leased assets	-	-
(e) staff costs	(2,355)	(4,946)
(f) administration and corporate costs	(1,540)	(3,134)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid <sup>1</sup>	(1,130)	(2,595)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives <sup>2</sup>	1,965	1,965
1.8 Other (provide details if material) <sup>3</sup>	(78)	(151)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(990)</b>	<b>(4,537)</b>

<sup>1</sup> 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)

<sup>2</sup> R&D Tax Incentive Rebate received relating to financial year ending 2024 of \$1.965 million.

<sup>3</sup> GST payments to ATO

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(48)	(83)
(d) investments	-	-
(e) intellectual property	-	-



Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(48)</b>	<b>(68)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	2,029	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)	(77)
3.5 Proceeds from borrowings <sup>4</sup>	551	2,646
3.6 Repayment of borrowings	(1,300)	(1,450)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (net cash from finance leases)	(32)	(69)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,171</b>	<b>3,079</b>

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

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	(18)	1,639
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(990)	(4,537)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(48)	(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 (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,171	3,079
4.5	Effect of movement in exchange rates on cash held	(55)	(53)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>60</b>	<b>60</b>

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	18
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	(36)
5.4	Other (bank guarantees)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>60</b>	<b>(18)</b>

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 <sup>1</sup>	152
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>		

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

7.	<b>Financing facilities</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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>																					
7.1	Loan facilities	65,878	65,535																					
7.2	Credit standby arrangements	-	-																					
7.3	Other (Corporate Credit Cards)	55	-																					
7.4	<b>Total financing facilities</b>	65,933	65,535																					
7.5	<b>Unused financing facilities available at quarter end</b>		398																					
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>\$50.3m</td><td>31 May 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>31 May 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)	\$50.3m	31 May 2025	BBSY + 2.64% (+0.35% facility fee) effective 24 May 2024	90 days in arrears	NAB Working Capital Facility (secured)	\$15.6m	31 May 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)	\$50.3m	31 May 2025	BBSY + 2.64% (+0.35% facility fee) effective 24 May 2024	90 days in arrears																				
NAB Working Capital Facility (secured)	\$15.6m	31 May 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																				
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.																								

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(990)
8.2	Cash and cash equivalents at quarter end (item 4.6)	60
8.3	Unused finance facilities available at quarter end (item 7.5)	398
8.4	Total available funding (item 8.2 + item 8.3)	458

8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	-0.46
<p><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></p>		
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>	
	<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"> <li>• NAB are currently considering capitalisation of interest payments for the next two quarters, having already capitalised interest for the quarter ended 30 November 2024 to the amount of \$0.9m.</li> <li>• Net cash outflows from operations (excluding interest payments and the annual R&amp;D credit refund received this quarter) continue to improve with the Group posting a 12% improvement over last quarter, which follows a 30% improvement for Q1 2025 over Q4 2024.</li> </ul>	
	<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>	
	<p>Yes, the Company raised \$2.03 million (before costs) via a non-renounceable entitlement offer (NREO) which closed on 25 November 2024. The Company now has ~\$4 million of shortfall capacity available to place on or before 25 February 2025. The Company, via its appointed brokers Alpine Capital, are currently gauging interest from investors.</p> <ul style="list-style-type: none"> <li>- The Company's main financier, NAB, are continuing to demonstrate their support for the Company, most recently having agreed to an initial capitalisation and deferral of quarterly interest and are considering capitalisation of interest for the next two quarters. The Company also expects NAB to provide additional support with short term funding flexibility.</li> <li>- The Company has also received interest from other financing parties, one of which is currently completing their due diligence and the Company expects to receive a term sheet in this current quarter.</li> </ul>	
	<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>	
	<p>Yes. The deferral of quarterly interest for the next quarters together with funding options being pursued, for example the shortfall placement, 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.</p>	
<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: .....31 January 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.