

ASX ANNOUNCEMENT

28 August 2023

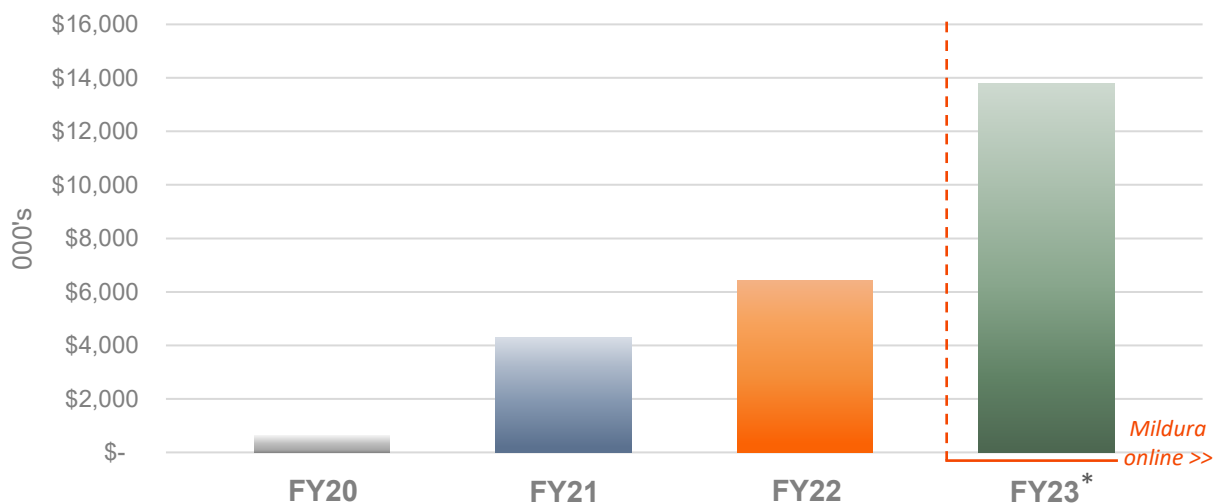
Cann Group releases FY23 results

- Revenue from sales of \$13.78 million, representing a 115% increase on revenue from FY22.
- Total revenue for FY23 \$21.68 million.
- Mildura facility operational with ODC and GMP licences in place.
- Largest crop area in Cann history planted – equivalent to 9 tonne annualised.
- Successful capital raise of \$8.18 million completed in December 22.
- Cann’s Southern facility sold for a total consideration of \$5.48 million.
- Signed significant variation agreement with Levin Heath Pty Ltd for the supply of medicinal cannabis products to 31 December 2023.
- First shipment of dried flower successfully delivered and released for supply into Germany.
- Clear focus on commercial activity and revenue growth.
- Dr Julian Chick appointed to the role of Deputy Chair.

28 August 2023 – Cann Group Limited (ASX: CAN) (**Cann** or the **Company**) today released its financial results for the financial year ending 30 June 2023.

The Company reported revenue from sales of \$13.78 million (FY22: \$6.41 million), representing a 115% increase to the prior corresponding period. The Company reported an operating loss after tax of \$33.79 million (FY22: \$26.47 million).

FY2023 REVENUE



For personal use only

The improvement in revenue was driven by the domestic market, with the strong sales momentum supported by new clients entering into supply agreements and several existing clients with repeat orders. Customer acquisition has been strengthened by Cann’s ability to supply consistent-quality, GMP product from the flagship facility in Mildura, achieved through state-of-the-art cultivation and manufacturing processes.

Cann’s flagship Mildura facility has now been commercially harvesting for over a year, with the facility’s latest harvested crop area equating to an annualised production level of 8 tonnes – double the size of previous harvests. The production rate was approximately 17% ahead of target, with the ultimate desire to achieve 12.5 tonne annualised by the 2025 financial year.

In addition to this promising volume, the Mildura GMP facility has made an improvement in flower quality, which highlights the value of the enhancements made in cultivation processes and leading-edge technology.

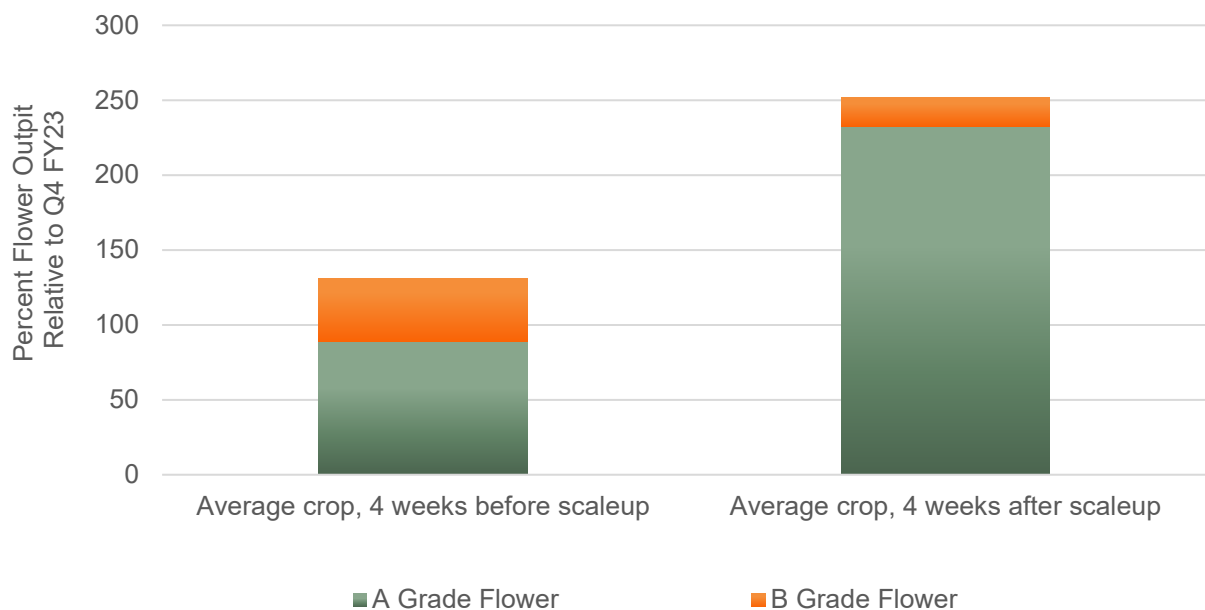
The research and development that is occurring in the on-site laboratories is also improving the collaboration and overall efficiency of the facility. This is another important internal capability for the Company which will accelerate supply schedules.

From our revenue growth of over 100% in FY23, sales of inhalable flower increased by approximately 500%. This is significant as inhalable flower is currently making up over 70% of sales on the Australian cannabis market, which suggests Cann Group is aligned with the area of the largest growth in volume at a considerably accelerated rate in comparison to its competitors.

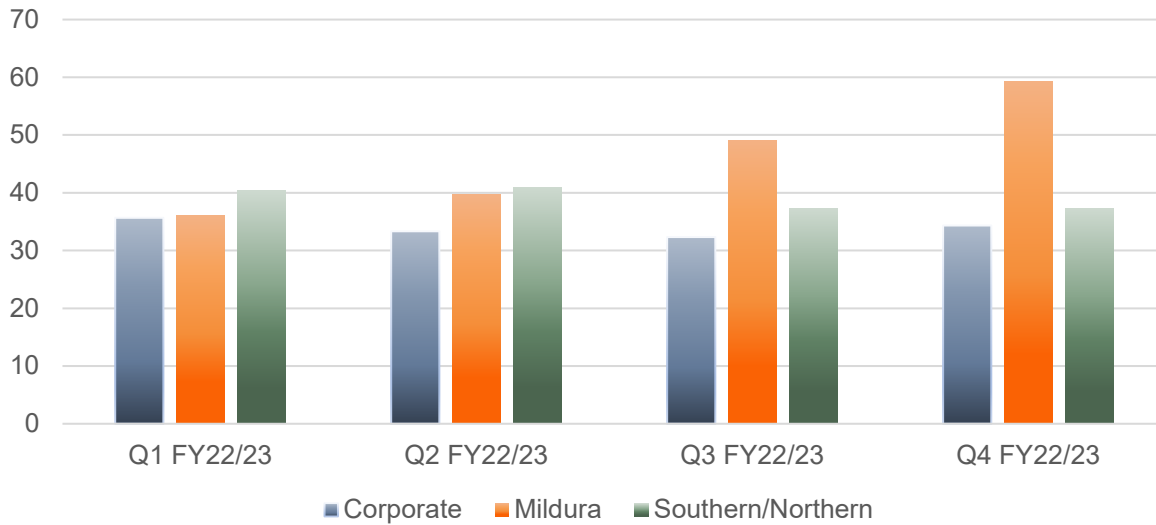
But, more specifically pertinent to the Mildura facility, inhalable flower is a strong measure of quality, which therefore evidences the improvement in flower quality that the Mildura facility is producing. The inhalable flower portion of harvested crops has improved significantly over the course of the year.

For personal use only

IMPACT OF SCALE-UP



**STAFF HEADCOUNT Q1 FY22/23 - Q4 FY22/23
(QUARTERLY AVERAGE)**



The increase in expenses is in line with expectations as the Company increased its staffing levels and cultivation costs as part of the scale up of Mildura. Additional research and development costs associated with the S3 clinical trial were also incurred during the year while interest increased in line with interest rate rises. Depreciation expense increased significantly with the amortisation of the Mildura facility commencing from April 2022.

Cann completed the settlement of the land and building component of its Southern cultivation and manufacturing facility with SatiVite Pty Ltd on 1 March 2023. As previously announced on 23 December 2022, the Company had agreed to terms with SatiVite on the sale of the Southern facility and the associated business assets for a total consideration of \$5.48 million.

SatiVite acquired the land and building at the Southern facility for a total consideration of \$3.1 million and has allowed Cann to continue operating at the site on behalf of SatiVite. The plant and equipment and business assets are expected to be settled early in FY24 after SatiVite has received its ODC licence for the Southern site.

Cann completed a capital raising of \$8.18 million in December 2022, by way of a Share Purchase Plan. The proceeds from the capital raising contributed to the Company’s strategic investment in expanding GMP manufacturing capabilities at Mildura.

Cann’s CEO, Peter Koetsier said *“Cann Group has made considerable progress over the course of the 2023 financial year. Most notably, the completion of construction on the Company’s flagship Mildura facility has now allowed Cann to truly pursue its goal of becoming Australia’s premier B2B medicinal cannabis supplier. This state-of-the-art facility represents a substantial investment and an asset that must be fully utilised to capitalise on its capabilities and production efficiencies. As we continue our growth towards Mildura’s 12.5-tonne, optimal capacity, we expect Cann to prove to be a globally competitive and profitable business.”*

“The Company is now focused on scaling production of its high-quality portfolio, as well as fully resourcing our sales and marketing in an effort to quickly build revenue.”

For personal use only

Investor webinar

As advised to the market on 17 August 2023, Cann will hold an investor webinar and Q&A session today, Monday, 28 August 2023 at 11.00am (Melbourne time).

Register for the webinar at the following link:

https://us02web.zoom.us/webinar/register/WN_pQ57h89FQP2GHneoe4hpZA

After registering, you will receive a confirmation email containing information about joining the webinar.

Shareholders are encouraged to participate in this webinar by submitting questions in advance to:

contact@canngrouplimited.com

A recording of the webinar will be available on the Company's website shortly after the live session.

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

For all media enquiries please contact:

Jackson Paine
Corporate Communications Manager
+61 439 492 955
jackson.paine@canngrouplimited.com

For all other information please contact:

Peter Koetsier
CEO
Cann Group Limited
+61 3 9095 7088
contact@canngrouplimited.com

Deborah Ambrosini
CFO and Company Secretary
Cann Group Limited
+61 3 9095 7088
deborah.ambrosini@canngrouplimited.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.canngrouplimited.com | www.satipharm.com