

Q2 – 31 DECEMBER 2025



# QUARTERLY ACTIVITIES REPORT & APPENDIX 4C

## Q2 HIGHLIGHTS:

**First-ever free cash flow positive quarter, including R&D tax credit refund**

**Debt restructuring completed – debt reduces by \$55.6M, from \$70.4M to \$14.8M**

**Capital raise completed raising \$9.0M before costs**

**\$1.8M R&D Tax Refund received, net receipt of \$0.3M after repaying loan**

**Quarterly revenue softened to \$1.6M (YTD \$4.5M), with momentum picking back up in January**

**Gross margin December 55%, YTD 48.5% and improving**

**Payments to suppliers down 32% on PCP reflecting cost restructuring**

**Export partnering discussions progressing, purchase orders received in January**

**New products launched, with Lazer Fuel gaining market momentum, and increasing demand for new genetics**

**30 January 2026** – 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 2025 (**Current Quarter** or **CQ**). The prior quarter is 30 September 2025 (**Prior Quarter** or **PQ**) and the previous corresponding period is the quarter ended 31 December 2024 (**PCP**).

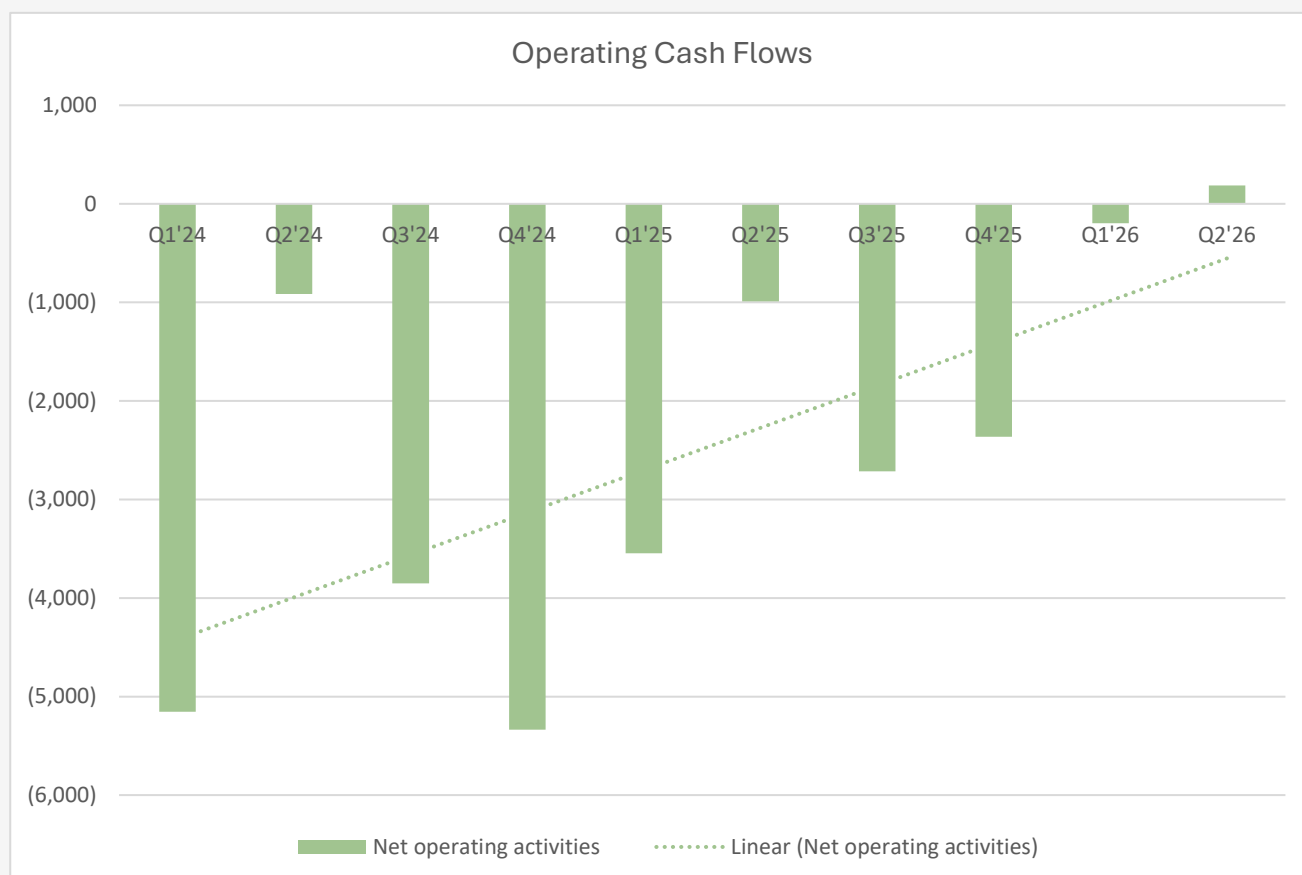
## QUARTERLY CASHFLOW RESULT

The Company reported its first-ever positive free cash flow quarter, with positive net cash from operating activities of \$0.186 million, taking the year to date to a small outflow of \$0.012 million. This quarter included:

- Receipts from customers of \$2.056 million, down 34% on PQ, largely driven by seasonal delays in receipts over the Christmas period and a softer trading environment

- Payments to suppliers & staff of \$3.583 million were down 32% on PCP, up 13% on PQ, as the Company increased creditor payments this quarter following the successful refinancing whilst remaining stringent cost control
- This quarter included \$1.777 million received from the ATO for the FY25 R&D Tax Credit refund (typically received in Q2 as the chart below shows)
- An amount of \$0.14 million was paid to Directors (including the Managing Director) as related parties

The chart below demonstrates the continuing improvement in operating cash flows since the start of FY2023, as the business targets sustainable positive cash operating cash flows:



## DEBT RESTRUCTURING COMPLETED

This quarter, Cann Group successfully completed its previously announced debt restructure as of 15 December 2025. The Company paid NAB \$15.3 million under a forbearance and settlement deed, in return for NAB releasing all security and extinguishing all remaining liabilities on facilities that previously totalled about \$70 million. To help fund this payout, Cann secured a new \$9 million loan from an existing private credit lender, increasing total borrowings with that lender to \$14.45 million, plus a further \$0.31 million in costs were capitalised. The loan has a two-year term, carries 9.5% annual interest payable monthly, plus additional capitalised interest and fees payable at maturity. Cann also raised \$9 million (before costs) through a shareholder-approved equity raising, comprising a two-tranche placement and a share purchase plan.

## COMMERCIAL UPDATE

The Company continued to broaden its Botanitech product portfolio this quarter, launching three new flower SKUs, including the new cultivars Poppin Fresh and Berry OG, alongside two new gummies (Dreams and Delights) designed for patient segments seeking balanced formulations with minor cannabinoids. These launches have been well received by both prescribers and patients, with strong market feedback highlighting quality, consistency, and clinical appeal.

Subsequent to the end of the quarter, Cann has experienced a notable uplift in demand for its premium Lazer Fuel cultivar through a key partner's Heritage Range. This increased traction has further strengthened confidence in the quality, reputation, and ongoing demand for Cann's flower portfolio.

Cann remains focused on expanding its international footprint, with significant progress made this quarter toward establishing contractual partnerships enabling entry into two European markets. The Company has now advanced to purchase order discussions, which are expected to be finalised in the current quarter, representing a meaningful step toward export-led growth.

While broader market conditions remained competitive during the period, impacting December quarter revenue across branded, bulk flower, and white-label products, Cann continued to take decisive steps to position the business for sustainable growth. Industry-wide dynamics, such as oversupply, pricing competition, and heightened regulatory and prescriber scrutiny, influenced near-term demand across the sector. In parallel, the Company's successful completion of its debt restructure and capital raising marked an important milestone, strengthening the balance sheet and providing a platform for renewed commercial focus.

In response, Cann completed a comprehensive review of its commercial strategy during the quarter, delivering several positive outcomes:

- Prioritisation of high-performing sales channels, with increased focus on reliable, compliant distribution and prescriber networks that support sustainable growth and margin integrity
- Refined customer segmentation, concentrating on customers and distributors aligned with Cann's long-term strategy and consistent ordering patterns
- Reactivation of key strategic partnerships across distribution, telehealth, and white-label networks
- Continued investment in long-term customer relationships, driving more regular and predictable order flows across bulk and packaged flower products

The Company has also implemented initiatives to further strengthen operational performance, including improvements to supply chain reliability, vendor cost optimisation, and accelerated new product pathways. Notably, a new sales channel for waste trim has been established, with initial orders received, generating incremental revenue while reducing waste treatment costs.

## PRODUCTION

Production is now back to full capacity following the seasonal scale back during the winter period, with a stable operating cadence established and consistent product quality being delivered. The cultivation program has been expanded with the successful integration of two new cultivars, Lazer Fuel and La Bomba ESE, which now form part of the regular crop cycle alongside established varieties. Additional new genetics are being introduced on a staged basis, allowing for careful assessment of market acceptance and suitability to local growing conditions.

## INNOVATION

The Company's collaboration with La Trobe University continues to progress, with ongoing development of a hyperspectral camera system that leverages AI-driven analytics to continuously monitor crops, measure key performance indicators, and identify potential plant health risks.

Cann has also entered contracts for a carbon dioxide recycling initiative, which will capture exhaust from the gas boiler and redirect it to the cultivation environment. This project is expected to reduce both operating costs and emissions.

An evaluation project investigating the use of vacuum microwave dehydration has been initiated to assess its effectiveness in reducing bioburden in dried flower.

## REGULATORY

A TGA audit of the Company's GMP system was completed during the period, with no major or critical findings reported. The ODC also completed an inspection of the facility, identifying a single issue of concern relating to a one-off deviation from standard operating procedures. The matter was not systemic in nature, and a process change has since been implemented to prevent recurrence.

## OUTLOOK

The recently completed debt restructure has materially strengthened the Company's balance sheet, improved liquidity, and enhanced Cann's ability to execute strategic priorities. Combined with previous cost restructuring and improving margins, Cann is well placed to deliver high-quality, competitively priced, product to the market which is expected to drive revenue and EBITDA growth.

Customer confidence in Cann's operations and brands is improving, with increasing orders for new flower cultivars and positive partner feedback. The planned launch of a new product range and a renewed focus on high-demand flower SKUs are expected to support Botanitech brand performance and revenue in the second half of FY26.

The Company continues to invest in long-term relationships with key bulk and packaged flower customers, which are beginning to translate into regular large-volume orders. Progress has also been made in advancing the export strategy, with the Company expecting to commence dried-flower exports in the second half of FY26. Demand for Cann's new genetics has also resulted in sales orders in January.

Notwithstanding the above, and following a strong Q1 revenue result which saw a 16% increase on the prior quarter, the Company has experienced an unexpectedly softer Q2 revenue outcome. As a result, the Company's previously stated FY26 revenue guidance of \$17 million is now under review.

The Company plans to provide updated revenue and EBITDA forecasts in its next quarterly report, at which time the impact of the positive momentum observed in late December and January is expected to be more reliably quantifiable. Notwithstanding this, with gross margins now tracking well above 50% and operating costs remaining well controlled, the Company continues to expect to achieve breakeven EBITDA for the second half of FY26.

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

#### FOR ALL INFORMATION PLEASE CONTACT

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#### 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 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>	2,056	5,177
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,469)	(2,449)
(c) advertising and marketing	(2)	(4)
(d) leased assets	-	-
(e) staff costs	(1,691)	(3,517)
(f) administration and corporate costs	(421)	(797)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	(44)	(111)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,777	1,777
1.8 Other (provide details if material)	(26)	(94)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>186</b>	<b>(12)</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	(95)	(104)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(95)</b>	<b>(104)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9,000	9,000
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	(703)	(712)
3.5	Proceeds from borrowings	9,242	9,849
3.6	Repayment of borrowings	(16,734)	(16,735)
3.7	Transaction costs related to loans and borrowings	(289)	(289)
3.8	Dividends paid	-	-
3.9	Other (provide details if material) <sup>2</sup>	(23)	(57)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>493</b>	<b>1,056</b>

<sup>2</sup> \$1,234k of interest accumulated and capitalised in Q1 has been transferred to proceeds from borrowings as it was written off.

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	370	10
4.2	Net cash from / (used in) operating activities (item 1.9 above)	186	(12)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(95)	(104)

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)	493	1,056
4.5	Effect of movement in exchange rates on cash held	1	5
4.6	<b>Cash and cash equivalents at end of period</b>	<b>955</b>	<b>955</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	845	370
5.2	Call deposits	110	-
5.3	Bank overdrafts <sup>3</sup>	-	-
5.4	Other (bank guarantees)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>955</b>	<b>370</b>

<sup>3</sup> Due to the nature of the settlement terms outlined in the Debt Restructure announced on the ASX on 27 October 2025, and to comply with AASB 107 "Statement of Cash Flows", the closing bank overdraft balance of \$917k has been deemed borrowings and included in financing facilities given it largely represents capitalised interest and will be included in the pending debt forbearance and settlement deed.

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>	144
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> Salary and fee 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.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end</b> <b>\$A'000</b>	<b>Amount drawn at quarter end</b> <b>\$A'000</b>
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (Corporate Credit Cards)	50	17
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.		
	<p><u>Private Credit Loan Facility</u>          Loan amount at Qtr End is \$14,778K          Loan matures 12 December 2027          Interest rate of 9.5% p/a payable monthly in arrears, and an additional 3% p/a capitalised monthly to the loan balance.          Secured by first-ranking security interest over all present and after-acquired assets and undertakings, including fixed and floating charges and guarantees, pursuant to a General Security Deed.</p> <p><u>NAB Corporate Credit Card</u>          Credit Limit \$55K, secured by a term deposit of \$110k.</p>		

8.	<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)	162
8.2	Cash and cash equivalents at quarter end (item 4.6)	955
8.3	Unused finance facilities available at quarter end (item 7.5)	38
8.4	Total available funding (item 8.2 + item 8.3)	993
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<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?	
	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?	
	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?

N/A

*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.*

### 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 January 2026.....

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.