ASX ANNOUNCEMENT

Q1 – 30 SEPTEMBER 2026

QUARTERLY ACTIVITIES REPORT & APPENDIX 4C

CANN GROUP LIMITED

Q1 HIGHLIGHTS:

FY2026 reset the cost base and balance sheet. The September quarter starts converting that platform into growth, better cash flow and value from Mildura's GMP grade medicinal cannabis products.

- **Significant revenue growth and increased breadth:** revenue of $3.45 million (unaudited), 40% of FY2026's total in one quarter, up 70% on second-half FY2026 quarterly average. Export was around 40% of revenue (FY2026: 16%), with more orders in hand.
- **Positive trend and momentum:** six-month period helps remove quarterly lumpiness. The outflow excluding grants was $0.9 million, against $2.9 million in each of the two prior periods.
- **Timing, not trading:** the $0.7 million quarterly outflow is a $0.9 million receivables build, which should reflect positively in the December 2026 quarter.
- **European demand for GMP flower:** GMP grade medicinal cannabis flower produced at our "A1 – good compliance"[1] rated Mildura facility is what European markets increasingly require, with room under glass to expand.
- **Operating leverage:** over two years cash costs are down 59% against a 20% fall in receipts; the gap has narrowed from $8.8 million to $0.9 million.
- **AI and cost:** in-house AI planning tools live; inventory down $1.2 million (23%) to $4.2 million; further cost reduction under way.
- **Corporate:** Obsidian notes redeemed; facility up $2 million; constructive engagement on industry consolidation.

30 October 2026 – Cann Group Limited (ASX: CAN) (**Cann** or the **Company**) provides its Quarterly Activities Report and Appendix 4C for the quarter ended 30 September 2026 (**Current Quarter** or **CQ**). The prior quarter is the quarter ended 30 June 2026 (**Prior Quarter** or **PQ**).

FROM RESET TO GROWTH

FY2026 reset the cost and capital base: operating costs before depreciation fell 34%, $70.6 million of bank debt was settled for $15.3 million and operating cash outflow fell 86% to $1.3 million. The June quarter showed the reset holding. The September quarter is the first test of turning that platform into growth, cash generation and value from Mildura.

[1] the highest rating as determined by the Therapeutic Goods Administration (TGA) following most recent inspection.

Stated in the June quarter report / FY2026 results	Progress in the September quarter	Status
Export revenue to contribute meaningfully in FY2027; strong start led by export deliveries	Export around 40% of revenue (FY2026: 16%); further orders in hand for December	✓
Operating cash flow nearing break-even	Six-month outflow excluding grants $0.9 million, from $2.9 million in each of the two prior periods	▲
Second operating cash inflow in the June quarter ($0.24 million, including a $0.39 million R&D refund)	Reported outflow of $0.7 million: receivables timing (increase of $0.9 million), expected to reverse in the December quarter	▼
Improving receipts (June quarter $2.55 million, up 11%)	Receipts $3.02 million, up 18.4%; Receivable timing understates improvement.	▲
Cost base held at the second-half FY2026 exit run-rate	Staff and administration payments $2.05 million, against a $2.0 million quarterly average in H2 FY2026; supplier payments higher on the full production cycle	●
Disciplined inventory management	Inventory down $1.2 million (23%) to $4.2 million	✓
Mildura GMP flower: for regulated markets (TGA inspection finalised "A1 – good compliance")	Exports increasing; European expansion progressing.	▲
Systems migration under way; workforce cost programme	Sage to Elevated Signals and Xero complete; in-house AI planning tools live	✓
Obsidian notes redeemed; $2 million facility increase	Settled 3 July 2026; no convertible notes remain on issue	✓
Domestic prices suppressed by imports	Still under pressure; September domestic invoicing solid at ~$1.78 million	●
Strategic partnering and consolidation	Constructive engagement; no binding agreements	●

✓ delivered ▲ improving ● steady ▼ behind or adverse

EXPORT GROWTH AND EU-GMP VALUE

Revenue momentum has carried into FY2027. September quarter revenue of $3.45 million (unaudited) is already about 40% of total FY2026 revenue and roughly 70% above the $2.0 million quarterly average of the second half of FY2026. Export drove a lot of the result, at around 40% of quarterly revenue compared with 16% for FY2026, and further export orders are in hand for the December quarter.

Revenue is broadening across channels. Export is the fastest-growing, while domestic bulk B2B demand remained solid. The Botanitech and Mallee Bloom brands continue to build through distributor and pharmacy channels, and white label and contract packing put Mildura's GMP-compliant packing capacity to further use. Spreading revenue across channels reduces reliance on any single customer, market or price point.

European markets, led by Germany, increasingly require GMP-certified supply, shifting access from price-led imports to certified capacity. Mildura is well placed:

- **Certified:** TGA-GMP licensed and recognised under mutual recognition arrangements between Australia and the EU and UK; TGA inspection resulting in "A1 – good compliance" [2] rating.
- **Scale:** one of the largest GMP-Licenced facilities in the Southern hemisphere, with about 33,300 m² under glass and around 6,600 m² fitted out. FY2026 production used about half of its commissioned capacity.
- **Valued:** international operators are buying and bidding for certified facilities, with fair value assessment supporting Mildura's carrying value at 30 June 2026.

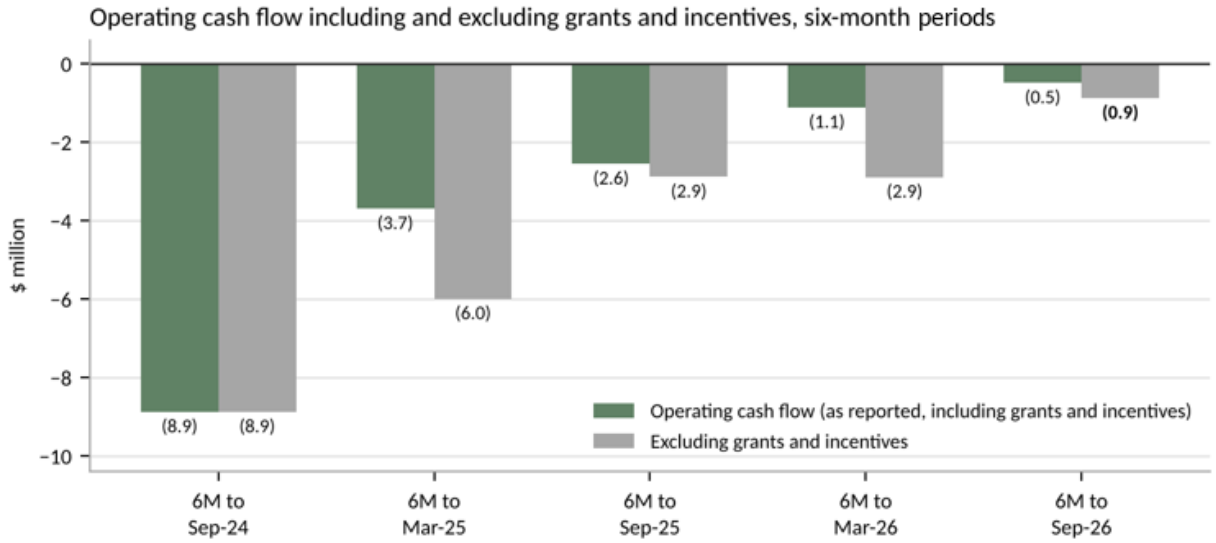
That value is realised only as flower capacity converts into shipped volume and cash earnings. The September export result is the first evidence of it.

[2] the highest rating as determined by the Therapeutic Goods Administration (TGA) following most recent inspection.

QUARTERLY CASHFLOW RESULT

Operating cash flow continues to improve. Annual outflow has fallen from $15.3 million (FY2024) and $9.6 million (FY2025) to $1.3 million (FY2026), and the June quarter delivered the Company's second operating cash inflow. The September quarter's $0.7 million outflow reflects timing, not trading: trade receivables rose $0.9 million (to ~$1.3 million) as invoicing was weighted to September. Timing is expected to reflect positively in the December 2026 quarterly report.

Quarterly cash flow can be lumpy: it moves with the timing of receipts, grants and creditor payments. Six-month period remove that lumpiness so that the trend and momentum are clear. Excluding grants and incentives, the outflow fell from $8.9 million in the six months to September 2024 to $0.9 million in the six months to September 2026. As reported, each period has improved on the one before ($8.9 million to $0.5 million).

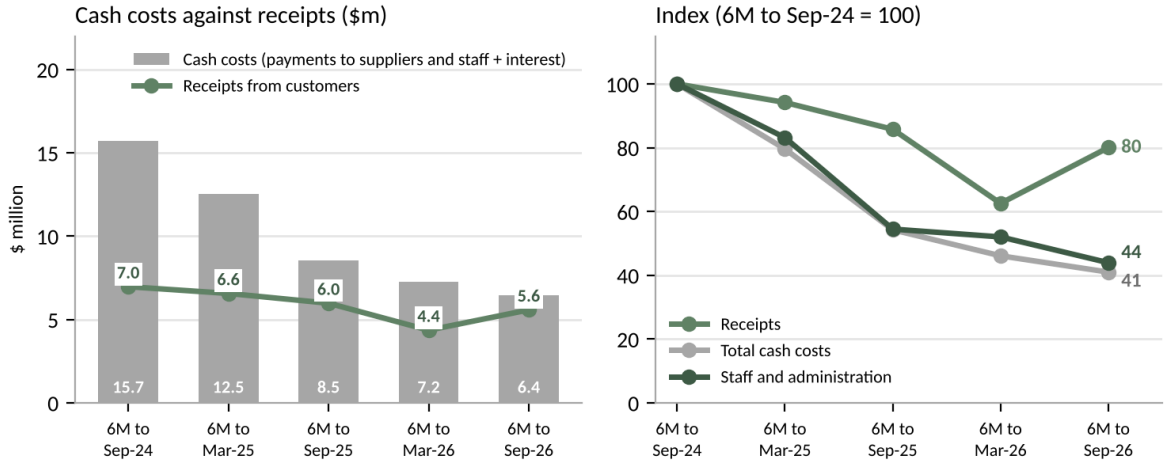


Consecutive six-month periods, unaudited. Operating cash flow before December 2025 includes NAB interest capitalised by agreement and offset in financing. Grants are mainly the annual R&D tax incentive, received October–December.

$ million	Sep-26 qtr (CQ)	Jun-26 qtr (PQ)	% vs PQ	Comment
Receipts from customers	3.02	2.55	18.4%	Higher, export-led sales; September-weighted invoicing left $0.89 million in trade receivables at quarter end.
Payments to suppliers and staff	(3.49)	(2.57)	(35.8%)	Full-quarter cost of the post-reset production cycle at Mildura (utilities, consumables, contract processing of export orders) and lower creditor balances.
Interest and other costs of finance paid	(0.26)	(0.12)	(116.7%)	Timing of monthly interest payments and a larger drawn facility balance.
Government grants and tax incentives	–	0.39	(100.0%)	PQ included the $0.39 million R&D tax incentive refund; none received in CQ.
Other	(0.00)	(0.01)	n/m	Net GST and sundry items.
Net cash from / (used in) operating activities	**(0.73)**	**0.24**	**n/m**	Receivables build of $0.89 million and no incentive refund; about +$0.15 million before the receivables movement.
Cash and cash equivalents at quarter end	0.05	0.49	(89.8%)	Operating outflow of $0.73 million, partly offset by net financing inflow of $0.29 million (drawdowns of $1.19 million less repayments, including the Obsidian redemption).

OPERATING LEVERAGE AND COST REDUCTION

The cost reset is largely complete albeit process digitalisation, energy alternatives and crop optimisation processes still provide further cost out opportunities. Payments for staff and administration were $2.05 million in the September quarter, against $4.29 million in the June 2024 quarter, and interest costs have fallen since the December 2025 debt restructure.



Cash costs are payments to suppliers and staff plus interest and other costs of finance; receipts are receipts from customers. Consecutive six-month periods, unaudited. Six months to September 2026 against six months to September 2024: receipts 20% lower, cash costs 59% lower.

Most staff, administration and finance costs do not vary with volume, so additional revenue, particularly export, should contribute more to operating cash flow. Mildura ran at about half of commissioned capacity in FY2026, so more can be produced from existing capacity. The extent of leverage will depend on pricing, mix, input costs and collections.

OPERATIONS AND AI INTEGRATION

Inventory fell from $5.40 million to $4.16 million (down 23%) as improved stock management was converted to sales. The move from Sage to Elevated Signals (seed-to-sale) and Xero is complete, cutting licence, support and manual processing costs, and in-house AI tools now link production, inventory, sales and receivables to plan against demand. Further savings are being pursued in energy, carbon dioxide recycling and procurement.

BRANDS

Our Botanitech and Mallee Bloom brands continue to be supplied through distributor and pharmacy channels. Cann notes AHPRA's September 2026 interim guidance on conflicts of interest in some prescribing and supplies in accordance with regulatory requirements.

CORPORATE

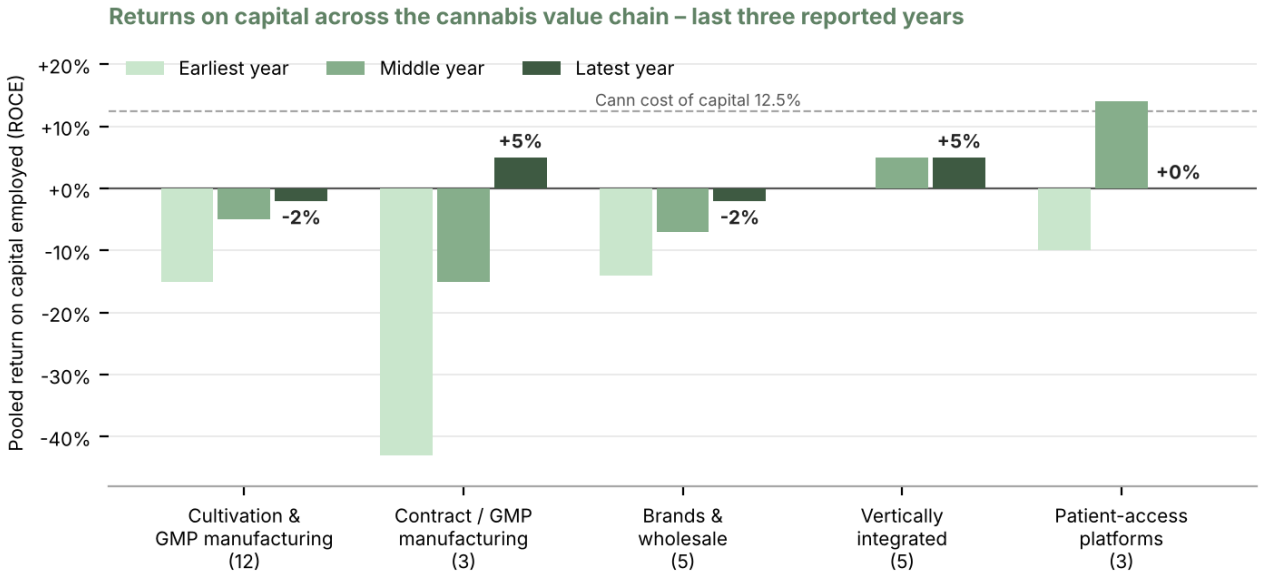
The Obsidian convertible notes were redeemed in full on 3 July 2026 (US$363,704 / A$0.52 million); none remain on issue. The Private Credit Loan Facility commitment was increased by $2 million: $1.19 million was drawn and $0.20 million repaid in the quarter, leaving $0.63 million available at 30 September (balance $16.73 million including capitalised interest). Related party payments of $63,000 (item 6.1) were salary and fees paid to Directors, including the Executive Chairman.

INDUSTRY CONSOLIDATION

In the Company's opinion the industry has more licensed capacity than demand supports. Its October 2026 internal analysis of three-year returns on capital across 28 listed and private cannabis companies found no value-chain segment earning its cost of capital, with capital invested in cultivation earning a negative return in each year.

Cann believes fewer, better-capitalised producers sharing GMP capacity, overheads and export channels would benefit all stakeholders, and is engaging constructively with industry participants. It would consider combinations where the logic is clear and terms are value-accretive for Cann shareholders.

No binding agreements have been entered into and there is no certainty any transaction will proceed; the market will be kept informed in accordance with continuous disclosure obligations.



Pooled ROCE (Σ EBIT ÷ Σ equity + debt, in A$) by value-chain segment for 28 listed and private cannabis companies across Australia, NZ, Canada, the US, Europe and Israel (Cann excluded) – i.e. the return earned on the total capital invested in each position. Source: Company analysis, October 2026.

OUTLOOK

The September quarter extends the path set out in the June quarter report and FY2026 results. The December quarter has opened with export orders in hand and optimised inventory levels. Operating cash flow is expected to improve as the receivables build unwinds and export volumes grow, with that timing reflecting positively in the December 2026 quarterly report.

FY2027 priorities are to convert export opportunities into shipped revenue from Mildura's GMP grade medicinal cannabis products, increase domestic sales, maintain inventory discipline, optimise the business through the implementation of AI tools and other cost saving measures and engage constructively on consolidation opportunities.

Forward-looking statements: *This announcement contains forward-looking statements, including statements regarding export pathways, the utilisation and value of certified capacity, the collection of receivables and expected operating cash flows. These statements reflect the Company's current expectations and assumptions as at the date of this announcement and are subject to known and unknown risks and uncertainties, many of which are outside the Company's control, and actual outcomes may differ materially. Revenue and other financial information in this announcement is unaudited unless explicitly stated. Except as required by law or the ASX Listing Rules, the Company undertakes no obligation to update any forward-looking statement.*

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 operates a state-of-the-art large-scale cultivation and GMP manufacturing facility, with integrated research capability, near Mildura, Victoria. Through its Botanitech and Mallee Bloom brands, together with bulk and white label, Cann Group supplies a range of dried flower, oil, vape and edible medicinal cannabis products to customers in Australia and around the world.

Learn more at: www.canngrouplimited.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	**Quarter ended ("current quarter")**
25 603 949 739	30 September 2026

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	3,023	3,023
1.2	Payments for		
	(a) research and development	–	–
	(b) product manufacturing and operating costs	(1,437)	(1,437)
	(c) advertising and marketing	(3)	(3)
	(d) leased assets	–	–
	(e) staff costs	(1,570)	(1,570)
	(f) administration and corporate costs	(479)	(479)
1.3	Dividends received (see note 3)	–	–
1.4	Interest received	–	–
1.5	Interest and other costs of finance paid	(263)	(263)
1.6	Income taxes paid	–	–
1.7	Government grants and tax incentives	–	–
1.8	Other (provide details if material)[1]	(4)	(4)
1.9	**Net cash from / (used in) operating activities**	**(733)**	**(733)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	–	–
	(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 (3 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)	–	–
2.6	**Net cash from / (used in) investing activities**	**–**	**–**

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[2]	1,194	1,194
3.6	Repayment of borrowings[3]	(903)	(903)
3.7	Transaction costs related to loans and borrowings	–	–
3.8	Dividends paid	–	–
3.9	Other (provide details if material)	–	–
3.10	**Net cash from / (used in) financing activities**	**291**	**291**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	487	487
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(733)	(733)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	–	–

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	291	291
4.5	Effect of movement in exchange rates on cash held[4]	4	4
4.6	**Cash and cash equivalents at end of period**	**49**	**49**

[1] Net GST.

[2] Drawdowns of $1,194k under the Private Credit Loan Facility (July $794k, August $200k, September $200k).

[3] Repayment of $200k under the Private Credit Loan Facility in August, redemption of the Obsidian convertible notes on 3 July 2026 (US$363,704 / A$525k) and $178k of scheduled repayments of other borrowings (insurance premium funding).

[4] Includes movement in foreign-currency cash held by Satipharm and rounding.

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	49	152
5.2	Call deposits	–	335
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)**	**49**	**487**

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[5]	**63**
6.2	Aggregate amount of payments to related parties and their associates included in item 2	–

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.

[5] Salary and fee payments made to Directors (including the Executive Chairman) in their capacity as directors, being related parties, for the current quarter.

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	17,356	16,730
7.2	Credit standby arrangements	–	–
7.3	Other (please specify)	–	–
7.4	**Total financing facilities**	**17,356**	**16,730**

7.5	**Unused financing facilities available at quarter end**	**626**

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.

Private Credit Loan Facility. Loan matures 12 December 2027 with bullet repayment at maturity. Interest rate of 9.5% p.a. payable monthly in arrears, with an additional 3% p.a. capitalised monthly to the loan balance. Secured by a 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. The total commitment was increased by $2 million on 3 July 2026 (announced that day), with the increase drawable only for agreed purposes including the redemption of the Obsidian convertible notes and agreed working capital requirements; the facility is revolving and amounts repaid may be redrawn. The amount drawn includes interest capitalised to the loan balance. The Company has received a formal waiver from the lender in respect of minimum shareholder equity and minimum cash reserves covenant breaches.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(733)
8.2	Cash and cash equivalents at quarter end (item 4.6)	49
8.3	Unused finance facilities available at quarter end (item 7.5)	626
8.4	Total available funding (item 8.2 + item 8.3)	**675**

8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	**0.9**

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:

No. The September quarter outflow was driven by the timing of customer receipts rather than the level of trading: operating cash outflow excluding grants and incentives was $0.9 million in the six months to 30 September 2026, compared with $2.9 million in each of the previous two six-month periods. Trade receivables increased by $0.9 million over the quarter to ~$1.3 million at 30 September 2026 as invoicing was weighted to September; those receivables are being collected in the December quarter. The Group reported positive operating cash flow in Q2 and Q4 FY2026, although both quarters included receipts of R&D tax incentives ($1.78 million and $0.39 million respectively). The Company expects operating cash flows to improve in the December quarter as the receivables build unwinds, supported by growing export volumes (export sales were around 40% of revenue in the quarter), continued domestic B2B demand and ongoing cost discipline, while noting that the timing of collections will affect each quarter's result.

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:

Yes. The Company (i) increased the total commitment under its Private Credit Loan Facility by $2 million on 3 July 2026, of which $0.63 million remained available at quarter end for agreed purposes including working capital; (ii) is collecting the $1.32 million receivables book outstanding at quarter end; (iii) continues to convert inventory (reduced by $1.2 million during the quarter) into sales; (iv) expects to receive the FY2026 research and development tax incentive refund; and (v) continues to manage its cost base and creditor arrangements. The Company also continues to assess strategic partnering, M&A and other funding alternatives, and will keep the market informed in accordance with its continuous disclosure obligations. The Directors consider these steps, taken together, are likely to be successful in meeting the Company’s funding requirements, while noting that the going concern matters disclosed in the FY2026 Annual Report remain relevant.

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:

Yes. On the basis of the matters set out in 8.6.1 and 8.6.2 above — the expected unwind of the receivables build, the expected FY2026 R&D tax incentive refund, the available headroom under the Private Credit Loan Facility, continued inventory conversion and cost discipline, and the funding alternatives being pursued — the Directors expect the Company to be able to continue its operations and to meet its business objectives.

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 October 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 – 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.