

Cann Global Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Cann Global Limited
ABN:	18 124 873 507
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

	2022	2021		Change	Change
	\$'000	\$'000	Up/down	\$	%
Revenues from ordinary activities	562	1,488	Down	(926)	(62%)
Loss from ordinary activities after tax attributable to the members of Cann Global Limited	(8,217)	(4,621)	Up	(3,596)	(78%)
Net loss for the year attributable to the members of Cann Global Limited	(8,217)	(4,621)	Up	(3,596)	(78%)

Dividends

No dividends have been paid or proposed in respect of the 2022 financial year (2021: nil).

3. Consolidated statement of profit or loss and other comprehensive income with accompanying notes to the statement

The Appendix 4E should be read in conjunction with the attached unaudited Preliminary Financial Report for the year ended 30 June 2022, specifically:

Consolidated Statement of Profit or Loss and other Comprehensive Income
Notes to the financial statements

4. Consolidated statement of financial position with accompanying notes to the statement

The Appendix 4E should be read in conjunction with the attached unaudited Preliminary Financial Report as at 30 June 2022, specifically:

Consolidated Statement of Financial Position
Notes to the financial statements

5. Consolidated statement of cash flows with accompanying notes to the statement

The Appendix 4E should be read in conjunction with the attached unaudited Preliminary Financial Report for the year ended 30 June 2022, specifically:

Consolidated Statement of Cash Flows
Notes to the financial statements

6. Consolidated statement of changes in equity

The Appendix 4E should be read in conjunction with the attached unaudited Preliminary Financial Report for the year ended 30 June 2022, specifically:

Consolidated statement of Changes in Equity
Notes to the financial statements

7. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.578</u>	<u>0.169</u>

8. Entities over which control has been gained during the period

Not applicable.

9. Attachments

Additional Appendix 4E requirements can be found in the attached Preliminary Financial Report.

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Cann Global Limited

ABN 18 124 873 507

Preliminary Financial Report - 30 June 2022

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Cann Global Limited
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30 June 2022

General information

The financial statements cover Cann Global Limited as a consolidated entity consisting of Cann Global Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Cann Global Limited's functional and presentation currency.

Cann Global Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 21, 133 Castlereagh Street, Sydney NSW 2000

Principal place of business

U2, 13-25 Dunhill Crescent, MORNINGSIDe, QLD 4170

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2022.

Cann Global Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022
UNAUDITED

	Note	Consolidated 2022 \$	2021 \$
Revenue			
Revenue from sales	8	562,338	1,488,031
Cost of goods sold	9	<u>(640,534)</u>	<u>(1,162,283)</u>
Gross (loss)/profit		<u>(78,196)</u>	<u>325,748</u>
Foreign currency exchange gain/(loss) realised	8	(126,896)	595,750
Other Income	8	138,200	-
Expenses			
Administrative and corporate expenses	10	(2,248,666)	(2,568,026)
Advertising and Marketing		(292,210)	(442,185)
Legal Expenses		(50,673)	(88,253)
Directors fees CGB		(408,430)	(699,662)
Occupancy expenses	10	(57,301)	(54,748)
Exploration written off		-	(308,604)
Impairment of other receivables		(31,437)	(580,719)
Research costs		(17,759)	(101,041)
Share of loss in equity-accounted investees – net of tax		(76,988)	(170,332)
Travelling expenses		(127,238)	(134,732)
Other expenses		(365,368)	(250,022)
<i>Non-cash</i>			
Depreciation and amortisation expense	10	(232,471)	(155,018)
Impairment of goodwill		(2,691,261)	-
Impairment of investments in joint venture		(270,102)	-
Loss from disposal of subsidiary - HHC		(1,880,891)	-
Share based payments expense		(418,500)	(202,750)
Total expenses		<u>(9,169,295)</u>	<u>(5,756,092)</u>
Operating loss		(9,236,187)	(4,834,594)
Finance income	11	191,438	163,630
Finance costs	11	<u>(34,592)</u>	<u>(99,520)</u>
Loss before income tax expense		(9,079,341)	(4,770,484)
Income tax expense		-	-
Loss after income tax expense for the year		(9,079,341)	(4,770,484)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>(9,079,341)</u>	<u>(4,770,484)</u>
Loss for the year is attributable to:			
Non-controlling interest		(861,371)	(149,116)
Members of Cann Global Limited		<u>(8,217,970)</u>	<u>(4,621,368)</u>
		<u>(9,079,341)</u>	<u>(4,770,484)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Cann Global Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022
UNAUDITED

	Note	Consolidated 2022 \$	Consolidated 2021 \$
Total comprehensive income for the year is attributable to:		(861,371)	(149,116)
Non-controlling interest		(8,217,970)	(4,621,368)
Members of Cann Global Limited		<u>(9,079,341)</u>	<u>(4,770,484)</u>
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Cann Global Limited			
Basic earnings per share	12	(3.68)	(0.10)
Diluted earnings per share	12	(3.68)	(0.10)
Earnings per share for profit attributable to the owners of Cann Global Limited			

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Cann Global Limited
Statement of financial position
As at 30 June 2022
UNAUDITED

	Note	Consolidated 2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	14	9,240,054	10,573,053
Trade and other receivables	15	190,409	259,895
Inventories	16	510,028	474,018
Biological Assets	17	121,183	-
Prepayments		37,664	63,012
Total current assets		<u>10,099,338</u>	<u>11,369,978</u>
Non-current assets			
Equity-accounted investees	23	334,558	209,779
Plant and equipment	19	56,501	449,058
Intangibles	21	93,604	4,368,797
Exploration and evaluation	18	2,278,449	2,278,449
Right-of-use assets	20	290,707	60,273
Total non-current assets		<u>3,053,819</u>	<u>7,366,356</u>
Total assets		<u>13,153,157</u>	<u>18,736,334</u>
Liabilities			
Current liabilities			
Trade and other payables	27	2,623,237	1,835,984
Current tax liability		292,666	292,666
Lease liability		70,380	61,229
Other financial liabilities	26	-	77,515
Provisions	28	185,412	124,981
Plant Funding Liability		254,754	-
Total current liabilities		<u>3,426,449</u>	<u>2,392,375</u>
Non-current liabilities			
Lease liability		234,303	-
Total non-current liabilities		<u>234,303</u>	<u>-</u>
Total liabilities		<u>3,660,752</u>	<u>2,392,375</u>
Net assets		<u>9,492,405</u>	<u>16,343,959</u>
Equity			
Share Capital	24	96,712,574	94,834,844
Non-controlling interest	30	(952,791)	(208,708)
Reserves	25	(35,557,496)	(35,790,266)
Accumulated losses	33	(50,709,882)	(42,491,911)
Total equity		<u>9,492,405</u>	<u>16,343,959</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

The above statement of financial position should be read in conjunction with the accompanying notes

Cann Global Limited
Statement of changes in equity
For the year ended 30 June 2022
UNAUDITED

Consolidated	Issued capital \$	Share Based Payments Reserves \$	Acquisition of Non- Controlling Interest Reserve \$	Option Reserve \$	Accumula ted Loss \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2020	84,159,575	6,027,318	(42,498,259)	-	(37,870,544)	(60,042)	9,758,048
Adjustment for correction of error	-	-	-	-	1	-	1
Balance at 1 July 2020 - restated	84,159,575	6,027,318	(42,498,259)	-	(37,870,543)	(60,042)	9,758,049
Loss after income tax expense for the year	-	-	-	-	(4,621,368)	(149,116)	(4,770,484)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(4,621,368)	(149,116)	(4,770,484)
Share and option based payment	-	202,750	-	-	-	-	202,750
Prepayment	-	-	-	13,350	-	-	13,350
Investment in Cann Global Thailand Pty Ltd	-	-	-	-	-	450	450
Option Reserve	-	-	-	464,575	-	-	464,575
Share issued during the year	10,675,269	-	-	-	-	-	10,675,269
Balance at 30 June 2021	<u>94,834,844</u>	<u>6,230,068</u>	<u>(42,498,259)</u>	<u>477,925</u>	<u>(42,491,911)</u>	<u>(208,708)</u>	<u>16,343,959</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cann Global Limited
Statement of changes in equity
For the year ended 30 June 2022
UNAUDITED

Consolidated	Issued Capital \$	Share Based Payments Reserves \$	Acquisition of Non- Controlling Interest Reserve \$	Option Reserve \$	Accumulate d Loss \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2021	94,834,844	6,230,068	(42,498,259)	477,925	(42,491,911)	(208,708)	16,343,959
Loss after income tax expense for the year	-	-	-	-	(8,217,970)	(861,371)	(9,079,341)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(8,217,970)	(861,371)	(9,079,341)
Share and option-based payments	-	418,500	-	-	-	-	418,500
Transfers	185,730	-	-	(185,730)	-	-	-
Shares issued during the year	1,692,000	-	-	-	-	-	1,692,000
Reversal of attribute amount to HHC	-	-	-	-	-	117,288	117,288
Balance at 30 June 2022	<u>96,712,574</u>	<u>6,648,568</u>	<u>(42,498,259)</u>	<u>292,195</u>	<u>(50,709,881)</u>	<u>(952,791)</u>	<u>9,492,406</u>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Cann Global Limited
Statement of cash flows
For the year ended 30 June 2022
UNAUDITED

	Note	Consolidated 2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		668,489	1,796,330
Payments to suppliers (inclusive of GST)		<u>(3,502,734)</u>	<u>(4,697,776)</u>
		(2,834,245)	(2,901,446)
Interest received		191,438	163,630
Interest and other finance costs paid		<u>-</u>	<u>(5,182)</u>
Net cash used in operating activities	32	<u>(2,642,807)</u>	<u>(2,742,998)</u>
Cash flows from investing activities			
Investment in equity-accounted entity		(461,112)	(390,618)
Payments for property, plant and equipment		(27,171)	(7,206)
Payments for intangibles		(69,123)	(37,905)
Payments for exploration and evaluation		-	(136,024)
Payment for capital works		<u>(11,297)</u>	<u>-</u>
Net cash used in investing activities	14	<u>(568,703)</u>	<u>(571,753)</u>
Cash flows from financing activities			
Proceeds from issue of shares	24	1,692,000	6,654,603
Loan provided by other entity		(3,468)	3,468
Loan provided by/(to) related entity – Australian Gemstone Mining Pty Ltd		-	938
Loan repaid to related party - MCL Director		-	(111,113)
Loan repaid by Volcan Australia Corporation Pty Ltd		138,200	-
Proceeds from plant funding program		203,484	-
Repayment of lease liabilities		<u>(151,705)</u>	<u>(77,187)</u>
Net cash from financing activities		<u>1,878,511</u>	<u>6,470,709</u>
Net increase/(decrease) in cash and cash equivalents		(1,332,999)	3,155,958
Cash and cash equivalents at the beginning of the financial year		<u>10,573,053</u>	<u>7,417,095</u>
Cash and cash equivalents at the end of the financial year	14	<u><u>9,240,054</u></u>	<u><u>10,573,053</u></u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Cann Global Limited
Notes to the financial statements
30 June 2022
UNAUDITED

Note 1. Reporting Entity

Cann Global Limited (the 'Company') is a company domiciled in Australia. The address of the company's registered office is Level 21, 133 Castlereagh Street, Sydney, NSW 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The Group is a for-profit entity and is primarily involved in the legal growing and cultivation of hemp and medicinal cannabis products and the exploration for mineral deposits in Australia.

Note 2. Basis of preparation

a. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

i Investments

The methods used to measure fair values are discussed further in note 5.

ii Other non-derivative financial liabilities

The methods used to measure fair values are discussed further in note 5.

b. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group

c. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

d. Key estimates and judgements

IMPAIRMENT

The Group assesses impairment at the end of each reporting year by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using the higher of fair value less costs to sell and value-in-use calculations, which incorporate various key assumptions.

BUSINESS COMBINATIONS

Management uses valuation techniques in determining the fair values of the various elements of a business combination.

GOODWILL

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 4g. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 23 for further information

CORONAVIRUS (COVID-19) PANDEMIC

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

CONVERTIBLE SECURITIES

Management uses valuation techniques in determining the fair value of convertible securities (both host contract and conversion features). Refer to Note 5 for the description of the fair value measurement of convertible securities

Note 2. Basis of preparation (continued)

SHARE-BASED PAYMENT TRANSACTIONS

The consolidated entity measures the cost of equity-settled transactions with consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 13 for further information.

Note 3. New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

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Note 4. Significant accounting policies (continued)

a. Basis of consolidation

i Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair value of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises as identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of:

(a) fair value of consideration transferred

(b) the recognised amount of any non-controlling interest in the acquiree; and

(c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets.

ii Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has a right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

iii Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

iv Interests in equity-accounted investees

The Group's interest in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

v Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b. Foreign currency

The financial statements are presented in Australian dollars, which is Cann Global Limited's functional and presentation currency.

i. Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 4. Significant accounting policies (continued)

ii Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

c. Financial instruments

i Non-derivative financial assets

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

ii Non-derivative financial liabilities

The Group initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classifies the non-derivative financial liabilities into trade and other payables and other financial liabilities categories. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost.

Other financial liabilities comprise trade and other payables, loans and convertible securities.

d. Share capital

ORDINARY SHARES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Note 4. Significant accounting policies (continued)

e. Property, plant and equipment
i Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

ii Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

iii Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit and loss over the estimated useful lives of each component. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Mining equipment	10 years
Plant and equipment	10 years

f. Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring the licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are finalised, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

g. Goodwill

Note 4. Significant accounting policies (continued)

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer note 4a for information on how goodwill is initially determined. Refer to Note 4i for a description of impairment assessment procedures.

h. Other intangible assets

ACQUIRED INTANGIBLE ASSETS

Seedbank and plant genetics acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

SUBSEQUENT MEASUREMENT

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

Amortisation of seedbank and plant genetics and the intellectual property (website) is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in the profit and loss.

The following useful lives are applied:

- Seedbank and plant genetics 10 years
- Intellectual property – website 2 years

Note 4. Significant accounting policies (continued)

i. Impairment

i Non-derivative financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

ii Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

IMPAIRMENT LOSSES ARE RECOGNIZED IN PROFIT OR LOSS

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

j. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in first out principle. In the case of manufactured inventories, cost includes an appropriate share production overhead based on normal operating capacity.

k. Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 4. Significant accounting policies (continued)

I. Lease liabilities

A lease liability is recognised at the commencement date of a lease.

The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 4. Significant accounting policies (continued)

m. Revenue

The consolidated entity recognises revenue as follows:

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

SALE OF GOODS

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

RENDERING OF SERVICES

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

INTEREST REVENUE

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

n. Research and development

Expenditure on research activities is recognised in profit and loss as incurred.

o. Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense and other costs of borrowings. All finance costs are recognised in profit or loss using the effective interest method.

Note 4. Significant accounting policies (continued)

p. Income tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Cann Global Limited.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

q. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 4. Significant accounting policies (continued)

r. Share-based payments

Equity-settled share-based payments are provided to certain vendors and suppliers in exchange for the acquisition of businesses or rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date of the businesses acquired or services received if reasonably measurable. Otherwise, fair value is measured at the quoted market price of the Company's ordinary shares on grant date, adjusted where applicable to take into account the terms and conditions upon which the shares were granted.

s. Going concern basis of accounting

Notwithstanding the loss for the year of \$8,473,055, negative cash flows from operations of \$2,642,808 and historical financial performance, the financial report has been prepared on a going concern basis. This assessment is based on a cash at bank balance at balance date of \$9,240,054, and the directors' understanding of expected net cash out-flows in the coming financial year.

Note 5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

INVESTMENTS

Investments are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the market value of the ASX publicly listed share price

OTHER NON-DERIVATIVE FINANCIAL LIABILITIES

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. In respect of the liability component of convertible notes, the market rate of interest is determined with reference to similar liabilities that do not have a conversion option

Note 6. Non-current liabilities - Financial risk management

a. Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

liquidity risk
market risk
interest rate risk
foreign currency risk
credit risk; and
price risk.

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

b. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and other financial liabilities.

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency fluctuation risk and liquidity risk.

INTEREST RATE RISK

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates, arises mainly from bank deposits accounts.

FOREIGN CURRENCY RISK

The Group was marginally exposed to fluctuations in foreign currencies during the reporting period.

CREDIT RISK

Neither the Group or the Company have any material credit or other risk exposure to any single receivable or group of receivables or payables under financial instruments entered into by the Group

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves or unutilised borrowings are maintained.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments:

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Note 6. Non-current liabilities - Financial risk management (continued)

30 June 2022	Carrying amount	Total	Less than 12 months	1-2 Years	2-5 years
Contractual Cash Flows					
Non derivative financial liabilities					
Trade and other payables	2,877,991	2,877,991	2,877,991	-	-
30 June 2021	Carrying amount	Total	Less than 12 months	1-2 years	2-5 years
Contractual cash flows	\$	\$	\$	\$	\$
Non derivative financial liabilities					
Loan – other	77,515	77,515	77,515	-	-
Trade and other payables	1,960,964	1,960,964	1,960,964	-	-
	2,038,479	2,038,479	2,038,479	-	-

PRICE RISK

The Group's anticipated value of the South Johnstone Bauxite project is affected by the price of bauxite and shipping. Any rise or fall of the price of bauxite or shipping costs may affect the project's value accordingly. Similarly for the various market prices of cannabis products produced by the Company.

MARKET RISK

Market risk is the risk that changes in market prices will affect the Group, for example changes in interest rates, and changes in share price for investments at FVTPL.

Note 7. Operating segments

a. Basis for segmentation

The Group has three reportable segments; hemp and medical cannabis products, mining exploration and evaluation and corporate. The corporate segment includes all of our initiatives in corporate growth activities and provides administrative, technical and financial support.

b. Information about reportable segments

Information related to each reportable segment is set out below.

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Note 7. Operating segments (continued)

Operating segment information

	Cannabis	Mining Exploration and Evaluation	Corporate	Total
	\$	\$	\$	\$
Consolidated - 2022				
Revenue				
Segment revenues	562,338	-	-	562,338
Reversal of impairment of other receivables	-	-	138,200	138,200
Interest Income	-	-	191,438	191,438
Total revenue	<u>562,338</u>	<u>-</u>	<u>329,638</u>	<u>891,976</u>
EBITDA				
Depreciation	(515,403)	-	(3,565,387)	(4,080,790)
Amortisation	(53,323)	(1,945)	-	(55,268)
Impairment of receivables	(177,203)	-	-	(177,203)
Impairment of goodwill	-	-	(31,437)	(31,437)
Finance costs	(2,691,261)	-	-	(2,691,261)
Impairment of investments in JV	-	-	(122,418)	(122,418)
Loss from disposal of subsidiary - HHC	(40,073)	-	-	(40,073)
	(1,880,891)	-	-	(1,880,891)
Loss before income tax expense	<u>(5,358,154)</u>	<u>(1,945)</u>	<u>(3,719,242)</u>	<u>(9,079,341)</u>
Income tax expense				-
Loss after income tax expense				<u>(9,079,341)</u>
<i>Material items include:</i>				
Capital expenditures	74,944	-	-	74,944
Assets				
Segment assets	1,584,197	2,287,833	9,281,128	13,153,158
Total assets				<u>13,153,158</u>
Liabilities				
Segment liabilities	597,349	-	3,063,403	3,660,752
Total liabilities				<u>3,660,752</u>

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Note 7. Operating segments (continued)

Consolidated - 2021	Cannabis \$	Mining Exploration and Evaluation \$	Corporate \$	Total \$
Revenue				
Segment revenues	1,488,031	-	-	1,488,031
Interest Income	-	-	163,630	163,630
Total revenue	<u>1,488,031</u>	<u>-</u>	<u>163,630</u>	<u>1,651,661</u>
EBITDA	(352,751)	-	(3,474,412)	(3,827,163)
Depreciation	(41,392)	(2,674)	-	(44,066)
Amortisation	(110,412)	-	-	(110,412)
Impairment of intangible assets	(138,000)	-	-	(138,000)
Impairment of receivables	-	-	(242,719)	(242,719)
Exploration expenditure written off	-	(308,604)	-	(308,604)
Finance costs	-	-	(99,520)	(99,520)
Loss before income tax expense	<u>(642,555)</u>	<u>(311,278)</u>	<u>(3,816,651)</u>	<u>(4,770,484)</u>
Income tax expense	-	-	-	-
Loss after income tax expense				<u>(4,770,484)</u>
<i>Material items include:</i>				
Capital expenditures	45,111	-	-	45,111
Assets				
Segment assets	5,799,969	2,288,948	10,647,417	18,736,334
Total assets				<u>18,736,334</u>
Liabilities				
Segment liabilities	435,110	-	1,957,265	2,392,375
Total liabilities				<u>2,392,375</u>

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Note 7. Operating segments (continued)

c. Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Hemp food products 2022 \$	Chia food products 2022 \$	Other Revenue 2022 \$	Hemp food products 2021 \$	Chia food products 2021 \$	Other Revenue 2021 \$
Major product lines						
Seed	121,023	105,662		305,815	381,550	
Oil	108,856	14,589		291,758	23,721	
Bi-Products	5,840			57,157		
Protein	94,211			129,439		
Flour	10,058	4,935		10,922	15,668	
Capsules	39,773			133,221	6,104	
Smoothies Blends	-			1,658		
Other	-		57,393	-		131,019
Total	379,760	125,186	57,393	929,969	427,043	131,019
Geographical regions						
Australia	379,760	125,186	57,393	849,787	156,365	117,190
Rest of the World	-	-	-	80,182	270,678	13,829
Total	379,760	125,186	57,393	929,969	427,043	131,019
Timing of revenue recognition						
Goods transferred at a point in time	379,360	125,186	57,393	929,969	427,043	65,843
Services transferred at a point in time	-	-	-	-	-	65,176
Total	379,760	125,186	57,393	929,969	427,043	131,019

Note 8. Revenue and other income

	Consolidated	
	2022	2021
	\$	\$
Revenue from sale of goods	537,505	1,422,855
Revenue from services	7,578	15,163
Management fees recharges	2,146	50,013
Rent recharges	15,109	-
	<u>562,338</u>	<u>1,488,031</u>
Other Income		
Foreign currency exchange gain realised	(110,217)	595,750
Reversal of impairment of other receivables	138,200	-
	<u>27,983</u>	<u>595,750</u>

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Note 9. Cost of goods sold

	Consolidated	
	2022	2021
	\$	\$
Seed and other related product cost	573,621	817,701
Product packaging	8,609	33,843
Shipping & Freight Outward	46,344	120,370
Other cost of goods sold	11,960	26,300
Salaries and consulting fees	-	164,068
	<u>640,534</u>	<u>1,162,282</u>

Note 10. Expenses

	Consolidated	
	2022	2021
	\$	\$
Administrative & Corporate expenses		
Salaries and consulting fees corporate	(1,009,119)	(1,043,279)
Salaries and consulting fees Food Division	(211,640)	(452,453)
Salaries and consulting fees Cultivation Division	(50,000)	(60,000)
Salaries and consulting fees Medical Cannabis Division	16,500	(198,867)
Audit fees	(107,121)	(137,604)
Accountancy fees	(260,840)	(217,593)
Shareholders' services	(239,049)	(342,870)
Other administrative expenses	(387,397)	(115,359)
	<u>(2,248,666)</u>	<u>(2,568,025)</u>

	Consolidated	
	2022	2021
Occupancy expenses		
Warehouse Food Division ¹	(11,957)	(31,177)
Headquarter offices corporate	(45,344)	(23,571)
	<u>(57,301)</u>	<u>(54,748)</u>

	Consolidated	
	2022	2021
	\$	\$
Depreciation and amortization		
Depreciation of property, plant and equipment	(55,268)	(44,607)
Depreciation of right-of-use asset	(154,903)	(78,143)
Amortisation of Intangible assets	(22,300)	(32,268)
	<u>(232,471)</u>	<u>(155,018)</u>

¹ The company adopted AASB 16: At September 2021 a new lease agreement was executed, whereby the lease payments are allocated between lease liability principal and interest expense. Only lease outgoings continue to be classified as occupancy expense

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Note 11. Net Finance Costs

	2022	2021
	\$	\$
Interest income on cash at bank	191,438	163,630
Finance Income	191,438	163,630
Financial liabilities measured at amortised cost – interest expense	(34,592)	(99,520)
Finance Costs	(34,592)	(99,520)
Net Finance Income	156,846	64,110

Note 12. Earnings per share

	Consolidated	
	2022	2021
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Cann Global Limited	<u>(9,079,341)</u>	<u>(4,770,484)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>246,737,263</u>	4,909,331,06 <u>6</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>246,737,263</u>	4,909,331,06 <u>6</u>
	Cents	Cents
Basic earnings per share	(3.68)	(0.10)
Diluted earnings per share	(3.68)	(0.10)

Note 13. Key management personnel disclosures

Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
John Easterling ¹	Non-Executive Director
Sholom Feldman	Executive Director
David Austin	Non-Executive Director
Jonathan Cohen	Non-Executive Director
Marion Lesaffre	Chief Operating Officer

¹Resigned on 31 May 2022

Note 13. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2022	2021
	\$	\$
Short-term employee benefits	684,449	920,239
Share-based payments	312,000	50,000
	<u>996,449</u>	<u>970,239</u>

SHORT TERM EMPLOYEE BENEFITS

These amounts include fees and benefits paid to non-executive directors as well as salary, paid leave benefits, fringe benefits and cash bonuses awarded to the executive Chairperson, executive directors and other KMP

POST-EMPLOYMENT BENEFITS

These amounts are the current-year's costs of providing for superannuation contributions under the Australian Government's superannuation guarantee scheme.

OTHER LONG-TERM BENEFITS

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

SHARE BASED PAYMENT EXPENSE

These amounts represent the expense related to the participation of specified executives in equity-settled benefit schemes as measured by the fair value of the shares granted on grant date

Note 14. Current assets - cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
Cash on hand	100	100
Cash at bank	9,239,954	10,572,953
	<u>9,240,054</u>	<u>10,573,053</u>

Note 15. Current assets - Trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
Trade receivables	144,088	236,542
Other receivables	46,321	23,353
	<u>190,409</u>	<u>259,895</u>

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Note 16. Current assets - inventories

	Consolidated	
	2022	2021
	\$	\$
Finished goods - at cost	484,087	385,062
Stock Deposit	25,941	88,956
	<u>510,028</u>	<u>474,018</u>

Note 17. Current assets - Biological Assets

	Consolidated	
	2022	2021
	\$	\$
Biological Assets	121,183	-

Note 18. Non-current assets - exploration and evaluation

	Consolidated	
	2022	2021
	\$	\$
Exploration and evaluation	2,278,449	2,451,029
Mining permits, tenement acquisition and administration and geologist expenses	-	136,024
Exploration written off	-	(308,604)
	<u>2,278,449</u>	<u>2,278,449</u>

The Exploration and Evaluation asset of \$2,278,448, relates to the South Johnstone Project, Queensland, mining tenement MDL 2004. This mining tenement was renewed until 31 October 2022.

Note 19. Non-current assets - Plant and equipment

	Consolidated	
	2022	2021
	\$	\$
Plant and equipment - at cost	83,575	597,386
Less: Accumulated depreciation - Plant and Equipment	(42,323)	(153,715)
	<u>41,252</u>	<u>443,671</u>
Mining Equipment	180,330	169,905
Less: Accumulated amortisation - Mining Equipment	(176,187)	(164,518)
	<u>4,143</u>	<u>5,387</u>
Capital Works	11,297	-
Less: Accumulated amortisation : Capital Works	(191)	-
	<u>11,106</u>	<u>-</u>
	<u>56,501</u>	<u>449,058</u>

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Note 19. Non-current assets - Plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Capital Works \$	Plant and Equipment \$	Mining Equipment \$	Total \$
Balance at 1 July 2020	-	478,398	8,060	486,458
Additions	-	-	7,207	7,207
Depreciation expense	-	(37,867)	(6,740)	(44,607)
Balance at 30 June 2021	-	440,531	8,527	449,058
Additions	11,297	26,191	1,384	38,872
Loss on disposal of controlled entity	-	(376,161)	-	(376,161)
Depreciation expense	(191)	(49,310)	(5,767)	(55,268)
Balance at 30 June 2022	<u>11,106</u>	<u>41,251</u>	<u>4,144</u>	<u>56,501</u>

Note 20. Non-current assets - Right-of-use assets

	Consolidated	
	2022	2021
	\$	\$
Land and buildings - right-of-use	523,753	138,416
Less: Accumulated amortisation - right-of-use assets	<u>(233,046)</u>	<u>(78,143)</u>
	<u>290,707</u>	<u>60,273</u>

The Group leases land and buildings for its factory under agreements of three years. There is a three years renewal option held by the Group on those leases. On renewal, the terms of the leases are renegotiated.

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Note 21. Non-current assets - Intangibles

	Consolidated	
	2022	2021
	\$	\$
Goodwill - at cost	4,322,016	4,322,016
Accumulated amortisation and impairment - Goodwill	(4,322,016)	-
	<u>-</u>	<u>4,322,016</u>
Seedbank and plant genetics	230,000	230,000
Accumulated amortisation - Seedbank and plant genetics	(92,000)	(92,000)
Impairment seedbank	(138,000)	(138,000)
	<u>-</u>	<u>-</u>
Intellectual property – website at cost	111,273	82,005
Accumulated amortisation - website	(58,774)	(36,474)
	<u>52,499</u>	<u>45,531</u>
Trademark	5,690	1,250
IP & Development	35,415	-
	<u>93,604</u>	<u>4,368,797</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Intellectual property website \$	Seedbank and plant genetics \$	Goodwill \$	Trademark \$	IP and development \$	Total \$
Balance at 1 July 2020	16,894	161,000	4,322,016	1,250	-	4,501,160
Additions	37,905	-	-	-	-	37,905
Impairment of seedbank	-	(138,000)	-	-	-	(138,000)
Amortisation expense	(9,268)	(23,000)	-	-	-	(32,268)
Balance at 30 June 2021	45,531	-	4,322,016	1,250	-	4,368,797
Additions	29,268	-	-	4,440	35,415	69,123
Impairment of goodwill	-	-	(4,322,016)	-	-	(4,322,016)
Amortisation expense	(22,300)	-	-	-	-	(22,300)
Balance at 30 June 2022	<u>52,499</u>	<u>-</u>	<u>-</u>	<u>5,690</u>	<u>35,415</u>	<u>93,604</u>

Note 21. Non-current assets - Intangibles (continued)

IMPAIRMENT TESTING

The recoverable amount of goodwill is based on the Directors' estimate of value in use of the cash generating unit to which it relates. Medical Cannabis Ltd is considered to be one cash generating unit (CGU), Hemp Hulling Co (QLD) Pty Ltd and T12 Holdings Pty Ltd are combined considered to be another cash generating unit (CGU). Per accounting standards, goodwill is recorded as an intangible asset and evaluated annually for any possible impairment in value. The recoverable amount of the consolidated entity's goodwill is determined by a value-in-use calculation using a discounted cash flow model, based on a 1-year projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value. The resulting value in use is compared to the carrying value for the CGU at balance date and in the event that the carrying value exceeds the recoverable amount, an impairment loss is recognised. Upon acquisition of these companies, Cann Global had recognised goodwill of \$4M on its balance sheet. The recent changes in the business model, consolidation of the Group's portfolio, current change in the economy's general condition and increased competitive environment, in combination have resulted in temporary declining cash flows, and consequentially the current value of MCL, T12 and HHC's goodwill has decreased significantly, requiring an impairment charge to goodwill of \$4M. This impacts the financial position statement's carrying value of goodwill now reduced to Nil and impacts the income statement with an impairment expense being recognised, increasing net loss by \$4M. In addition, Hemp Hulling Co (QLD) Pty Ltd (HHC) went into voluntary administration in March 2022 thereby causing a loss of control of that entity and which required the derecognition of all balances relating to HHC, including goodwill, at that time.

Accordingly, in the profit and loss account the goodwill balance relating to HHC of \$1.6M has been included in the loss upon disposal of HHC derecognition transaction of \$1.88M and not in the goodwill impairment charge.

Note 22. Current assets - Investments

	2022	2021
	\$	\$
Investment in Koegas Medicinal Herb (Pty) Ltd (Note i)	-	200,000
Investment written off	-	(200,000)
Total	-	-

i. On 19 December 2019, Cann Global entered into a Heads of Agreement with South African Company Koegas Medicinal Herb (Pty) Ltd to establish a Joint Venture entity. The JV entity was going to operate in Medicinal Cannabis Production and Distribution in Africa. Due to COVID-19 delays Cann Global was not able to progress this JV. At this time it is no longer being pursued. Should Cann Global wish to revisit this opportunity, it would need to restart discussions. Accordingly, Cann Global has written-off the existing carrying value of this investment, represented by a now expired option fee for exclusivity on further due diligence.

Note 23. Non-current assets - Equity-accounted investees

	Consolidated	
	2022	2021
	\$	\$
Pharmacann	-	140,559
Canntab Therapeutics Australia	334,558	69,220
	<u>334,558</u>	<u>209,779</u>

Note 23. Non-current assets - Equity-accounted investees (continued)

Pharmacann

On 1 July 2020, the Group acquired a 50% equity interest in the associate Pharmacann Global Pty Ltd. The aim of the 50% owned joint venture with Pharmacann was to distribute a premium range of 100% plant-based skincare products. On 7 July 2022, the Joint Venture has been dissolved by mutual agreement of both parties. The board reviewed the JV's business strategy and as it no longer benefitted the Company, it made commercial sense to dissolve it and a termination agreement agreeable to both parties was signed. As a result, the JV entity will be deregistered and the equity-accounted method of the 50% interested in the JV entity no longer applies. This impacts our income statement reducing our net earnings by \$0.27 mil.

Cann Global will now be able to recognise 100% of revenue resulting from the sales of its skincare products under the Fuss Pot brand and all future income derived from the skincare sales will be attributable to Cann Global shareholders.

	2022	2021
	\$	\$
Equity interest held	50%	50%
Current Assets	111,424	6,025
Non-current assets	25,250	25,000
Current liabilities	(2,576)	(3,519)
Non-current liabilities	-	(294,614)
Net assets	134,098	(222,108)
Group's share of net assets (50%)	67,049	(111,054)
Revenue		
Gain/(loss) from continuing operations	(74,876)	(268,108)
Other comprehensive income	-	-
Total comprehensive income	(74,876)	(268,108)
Group's share of total comprehensive income (50%)	(37,438)	(134,054)
Impairment of interest in Pharmacann JV	431,082	-

	2022	2021
	\$	\$
Reconciliation of carrying value of investment		
Share of net assets of associate	67,049	(111,054)
Other amounts invested	(67,049)	251,613
Carrying value of investment in associate	-	140,559

Canntab Therapeutics Australia

On 27 December 2017, the Group entered a 50:50 joint venture arrangement with Canntab Therapeutics Ltd, named Canntab Therapeutics Australia (JV). The JV is involved in preparatory activities for the future distribution of pharmaceutical grade medicinal cannabis tablets.

	2022	2021
	\$	\$
Equity interest held	50%	50%
Current assets	267,295	43,697
Non-current assets	6,002	
Current liabilities	(100)	
Non-current liabilities	(395,897)	(116,253)
Net liabilities	(122,680)	(72,556)
Group's share of net liabilities (50%)	(61,340)	(36,278)
Revenue		
Loss from continuing operations	(50,124)	(72,556)
Other comprehensive income		
Total comprehensive income	(50,124)	(72,556)
Group's share of total comprehensive income (50%)	(25,062)	(36,278)

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Note 23. Non-current assets - Equity-accounted investees (continued)

	2022	2021
Reconciliation of carrying value of investment	\$	\$
Share of net liabilities of associate	(61,340)	(36,278)
Other amounts invested	395,899	105,498
Carrying value of investment in associate	334,558	69,220

Note 24. Equity - Share Capital

	2022	2021
	\$	\$
Share capital on issue		
258,873,557 (30 June 2021: 5,707,766,970) fully paid ordinary shares	95,962,574	94,084,844
2,000,000 (2021: 50,000,000) performance shares	750,000	750,000
	96,712,574	94,834,844

	2022	2022	2021	2021
	Number	\$	Number	\$
Ordinary shares				
At the beginning of reporting period	5,707,766,970	94,084,844	3,389,989,043	83,409,575
Share based payments	27,719,815		38,394,766	
Capital raising	600,000,000	1,800,000	1,565,498,480	7,827,492
Conversion of loan into ordinary shares			32,000,000	160,000
Conversion of convertible securities into ordinary shares – Obsidian			681,824,681	3,394,798
Loss on equity conversion				175,031
Less: Cost of capital raising		(108,000)		(404,847)
Option reserve ¹				(477,925)
Options exercised				720
At 31 December 2021	6,335,486,785	95,776,844		
Post consolidation at 04 February 2022	253,421,523	95,776,844		
Share based payments	5,452,034			
Option reserve ¹		185,730		
At reporting date	258,873,557	95,962,574	5,707,766,970	94,084,844
Performance shares				
At the beginning of reporting period	2,000,000	750,000	50,000,000	750,000
At reporting date	2,000,000	750,000	50,000,000	750,000
	260,873,557	96,712,574	5,757,766,970	94,834,844

¹ Fair value of free options attaching to capital raised during the year and recognised in a separate reserve. Upon expiry of some options their carrying value was transferred to Issued Capital.

Note 24. Equity - Share Capital (continued)

Terms and Conditions of Issued Capital

ORDINARY SHARES

Ordinary shares have the right to receive dividends as declared by the board and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle the holder to one vote either in person or by proxy at a meeting of the Company.

PERFORMANCE SHARES

Performance shares do not have the right to receive dividends as declared by the board and, in the event of winding up the Company, do not participate in the proceeds from the sale of any surplus assets. Performance shares do not entitle the holder to a vote either in person or by proxy at a meeting of the Company.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 25. Equity - Reserves

(i) Share based payment reserve.

The share-based payments reserve records items recognised as expenses on share-based payments.

	2022	2021
	\$	\$
Balance as at 1 July	6,230,068	6,027,318
Equity settled share based payment – consulting fees	418,500	202,750
Balance as at 30 June	6,648,568	6,230,068

	2022	2021
	\$	\$
Balance as at 1 July	477,925	-
Fair value of free attaching options to capital raisings	(185,730)	477,925
Balance as at 30 June	292,195	477,925

(iii) Acquisition of Non-Controlling Interest Reserve

Additional acquisition of remaining 45% shares in Medical Cannabis Limited in accordance with the Replacement Prospectus Transaction approved by shareholders' meeting held on 2 July 2019. As MCL was already a controlled entity of CGB at the time of the acquisition of the additional 45%, the additional equity consideration is recognised directly in equity as a negative reserve as follows:

	\$
Fair value of shares issued as consideration for the acquisition	40,398,750
Add: NCI negative carrying value at acquisition date	2,099,509
Balance of Acquisition of NCI Reserve	42,498,259

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Note 26. Current liabilities - Other financial liabilities

	Consolidated	
	2022	2021
	\$	\$
Loan from other party – unsecured	-	77,515
	<u>-</u>	<u>77,515</u>

Note 27. Current liabilities - trade and other payables

	Consolidated	
	2022	2021
	\$	\$
Trade payables	2,180,181	1,759,196
Other creditors	1,743	3,089
Unearned revenue	-	3,699
Accrued expenses	441,313	70,000
	<u>2,623,237</u>	<u>1,835,984</u>

Note 28. Current liabilities - provisions

	Consolidated	
	2022	2021
	\$	\$
Annual leave	101,976	53,051
Long service leave	83,436	71,930
	<u>185,412</u>	<u>124,981</u>

Note 29. Equity - Controlled entities

Controlled entities consolidated	Country of incorporation	Percentage owned (%) 2022	Percentage owned (%) 2021
Parent entity:			
Cann Global Limited	Australia	100%	100%
Subsidiaries of Cann Global Limited:			
South Johnstone Bauxite Pty Ltd	Australia	100%	100%
Volcan Queensland Bauxite Pty Ltd	Australia	100%	100%
Medical Cannabis Limited	Australia	100%	100%
Medical Cannabis Research Group Pty Ltd	Australia	100%	100%
Vitahemp Pty Ltd	Australia	95%	95%
Vitaseeds Pty Ltd	Australia	100%	100%
Vitacann Pty Ltd	Australia	100%	100%
T12 Holdings Pty Ltd	Australia	100%	100%
Hemp Hulling Co (QLD) Pty Ltd	Australia	55%	55%
Cann Global Asia Pty Ltd	Australia	55%	55%
Cann Global Thailand Pty Ltd	Australia	55%	55%
Medical Cannabis (Cambodia) Co., Ltd	Cambodia	51%	51%

Note 30. Equity - Non-controlling interest

	Consolidated	
	2022	2021
	\$	\$
Non controlling interest	(952,791)	(208,708)

Note 31. Commitment for expenditure

	2022	2021
	\$	\$
Exploration and evaluation (Note i)		
– not later than 1 year	79,000	214,400
– later than 1 year but no later than 5 years	-	-
Research and development		
Canntab therapeutics (Note ii)		
– not later than 1 year	-	-
– later than 1 year but no later than 5 years	901,469	1,191,869

i. This relates to exploration and evaluation activity for mining tenement MDL2004.

ii. On 27 December 2017 CGB entered into a joint venture agreement with Canntab Therapeutics Ltd. Under the agreement, each party will contribute \$1.4 million (USD\$1 million).

Note 32. Cash flow information

a. Reconciliation of cash flows from operating activities

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Note 32. Cash flow information (continued)

Loss for the year	(9,079,341)	(4,770,484)
Non-cash movements	-	-
Advertising expense	-	145,375
Consultancy fees	34,000	238,350
Depreciation and amortisation	232,471	155,018
Loss from disposal of subsidiary - HHC	1,880,891	-
Employment Expense	61,333	-
Exploration written off	-	308,604
Finance cost	19,796	99,495
(Gain/loss) on equity settled liabilities	-	(518,755)
Impairment of seedbank	-	138,000
Impairment of Investment	270,102	200,000
Impairment of receivables	(106,763)	242,719
Impairment of goodwill	2,691,261	-
Legal fees	-	394,838
Foreign currency exchange gain/(loss) realised	16,679	-
Other Expenses	160,056	-
Professional Fees	372,910	-
Security deposit	-	(1,362)
Share based payments expense	525,000	202,750
Share of loss of equity-accounted investee - net of tax	76,988	170,332
(Increase)/Decrease in other receivables	(116,159)	4,968
Decrease in trade debtors	33,238	167,751
(increase)/decrease in prepayments	116,918	91,579
(Increase) in rental bond	(24,084)	(6,358)
Decrease in GST receivable	14,106	36,193
(Increase)/decrease in inventory	(139,566)	15,457
Increase in trade payables, accruals and other creditors	325,470	3,834
(Decrease) in unearned revenue	(3,699)	(61,302)
(Decrease) in loan to others	(4,414)	-
Net cash used in operating activities	(2,642,807)	(2,742,998)

Consolidated
2022 **2021**

b. Non-cash investing and financing activities

Conversion of convertible notes and loans into ordinary shares - refer note 26	-	3,729,829
Option (expired)/ exercised - refer note 26	(185,730)	720
Consulting fees – ordinary shares granted - refer note 13	418,500	202,750
	<u>232,770</u>	<u>3,933,299</u>

Note 32. Cash flow information (continued)

	Andrew Kavasilas \$	L1 Capital \$	Other loan \$	Obsidian \$	Total \$
c. Changes in liabilities arising from financing activities					
Balance at 30 June 2020	211,113	85,200	90,545	3,903,889	4,290,747
Non-cash movements:					
Foreign exchange gain on conversion of convertible notes	-	-	-	(594,292)	(594,292)
Conversion to shares	(160,000)	(85,200)	-	(3,309,597)	(3,554,797)
Cash movements:					
Loans repaid	(51,113)		(16,817)	-	(67,930)
Other loan advanced			3,787	-	3,787
Balance at 30 June 2021	-	-	77,515	-	77,515
Non-cash movements:					
Revaluation of Loan from Emanor Holdings Pty Ltd	-	-	(74,047)		(74,047)
Conversion to shares	-	-	-	-	-
Cash movements:					
Loans repaid	-	-	(3,468)	-	(3,468)
Other loan advanced	-	-	-	-	-
Balance at 30 June 2022	-	-	-	-	-

Note 33. Equity - Accumulated losses

	Consolidated 2022 \$	2021 \$
Accumulated losses at the beginning of the financial year	(42,491,911)	(37,870,543)
Loss after income tax expense and non-controlling interest for the year	(8,217,970)	(4,621,368)
Accumulated losses at the end of the financial year	<u>(50,709,881)</u>	<u>(42,491,911)</u>

Note 34. Company details

The registered office of the Company and principal place of business is:
Cann Global Limited Level 21, 133 Castlereagh Street SYDNEY NSW 2000

Note 35. Capital Management Policies

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern. The Group monitors capital on the basis of the carrying amount of equity. In order to maintain or adjust the capital, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	Consolidated 2022 \$	2021 \$
Total equity	<u>9,492,406</u>	<u>16,343,959</u>

Note 36. Events after the reporting period

Coronavirus (COVID-19) pandemic

Note 36. Events after the reporting period (continued)

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 5 July 22, the Facilitation Agreement entered into with Medcan Australia Pty Ltd (“Medcan”) on 1 July 2019 whereas Medcan were to provide import/export, storing and distribution services for our Canntab products under their Office of Drugs Control licences for a fee payable in shares each quarter has been terminated. The Board believes the termination of this agreement to be a positive outcome for Cann Global shareholders as Medcan did not fulfil their requirements under the Facilitation Agreement. The board is disputing outstanding fees as work was not carried out in a satisfactory manner.

On 7 July 2022, the Joint Venture between Cann Global and JV partners Pharmocann Ltd entered into in July 2020 with the aim to distribute skincare products in Australia and other markets has been dissolved by mutual agreement of both parties. The board reviewed the JV’s business strategy and as it no longer benefitted the Company, it made commercial sense to dissolve it and a termination agreement agreeable to both parties was signed. Cann Global will now be able to recognise 100% of revenue resulting from the sales of its skincare products under the Fuss Pot brand and all future income derived from the skincare sales will be 100% attributable to Cann Global shareholders. As a result, the JV entity will be deregistered and the equity-accounted method of the 50% interested in the JV entity no longer applies. This impacts our income statement with an impairment expense being recognised, reducing net earnings by \$0.27 mil.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity’s operations, the results of those operations, or the consolidated entity’s state of affairs in future financial years.