

A close-up photograph of a cannabis plant with green serrated leaves and a large, developing bud covered in trichomes. The image is overlaid with a semi-transparent brown filter. In the top-left corner, there is a green and white geometric graphic element. The company name 'CANN GROUP LIMITED' is centered over the plant.

# CANN

## GROUP LIMITED

**INVESTOR PRESENTATION  
SEPTEMBER 2017**

Allan McCallum, Chairman  
Peter Crock, Chief Executive Officer

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# COMPANY SNAPSHOT (30/8/17)

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METRIC	VALUE
Share price	\$1.13
Shares on issue (fully diluted)	110.4m
Market capitalisation	\$124.7m
Cash	\$13.4m
Enterprise value	\$111.3m



# 2017 ACHIEVEMENTS

- Secured first licences (research & cultivation) in Australia from ODC
- \$13.5m raised in heavily supported IPO; listed on ASX 4 May
- Southern facility expansion underway
- Northern facility lease executed; commissioning due by end 2017
- Cann team growing to meet increase in operational activities
- First permits (R&D & cultivation) secured on 30 May 2017
- Technical services agreement signed with Aurora Cannabis
- Licensing & distribution agreement with CannaKorp
- First harvest production completed on schedule
- Medicinal Cannabis Medicines Portal

# COMPANY OVERVIEW

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## **FOCUSED ON BREEDING & CULTIVATING MEDICINAL CANNABIS**

Cann is a vertically-integrated Australian agribusiness company focused on breeding, cultivating & manufacturing medicinal cannabis for sale in Australia

## **COMMERCIAL EXPANSION PROGRAM UNDERWAY**

Southern facility being expanded; new northern facility to be commissioned by end of 2017

## **AURORA CANNABIS INC TAKES CORNERSTONE INVESTMENT**

Leading Canadian player Aurora Cannabis Inc's 19.9% shareholding plus Technical Services Agreement

## **FIRST AUSTRALIAN COMPANY TO RECEIVE LICENCES, PERMITS & HARVEST PRODUCT**

Office of Drug Control (ODC) issues first two licences to Cann for research & cultivation as well as first permits for cultivation

## **EXPERIENCED AGRIBUSINESS BOARD**

High profile & experienced agribusiness board & management team

## **LEADING RESEARCH & TECHNOLOGY**

Agreements with leading research & technology organisations across the medicinal cannabis value chain – including CSIRO & AgVic

## **CLEAR REGULATORY PATHWAY**

Australia now has a clear regulatory pathway which facilitates a legal medicinal cannabis industry

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# BOARD & MANAGEMENT TEAM

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**ALLAN MCCALLUM,  
CHAIRMAN**

- Allan has extensive experience in the agribusiness sector as well as significant tenures with biotechnology companies
- Chairman of Tassal Group (ASX:TGR), Non Executive Director of Medical Developments International (ASX:MVP), Former Chairman of Vicgrain, Former Director of Grain Growers Association
- Former President of Australian Oilseeds Federation, Chairman of Nugrain, Access Genetics & Farm Horizons
- Formerly Deputy Chairman at GrainCorp (ASX:GNC) & Director of IncitecPivot (ASX:IPL)



**DOUG RATHBONE,  
NON-EXECUTIVE  
DIRECTOR**

- Doug is an Industrialist with vast experience in chemicals & agrochemicals industry / international business. He has expertise in specific functional areas & has chemical engineering & commerce background
- Formerly CEO & Managing Director at Nufarm (ASX:NUF), & earlier, Managing Director of Nufarm Australia, with over 35 years in total with the company
- Former Director of Commonwealth Scientific & Industrial Research Organisation (CSIRO)
- Formerly a Non-independent Non-Executive Director at Excel Crop Care
- Non-Executive Director of Leaf Resources (ASX:LER)

**The team has deep experience in the Australian agribusiness, biotech & pharma sectors, along with proven entrepreneurial & business development expertise**



**PHILIP JACOBSEN,  
NON-EXECUTIVE  
DIRECTOR / DEPUTY  
CHAIRMAN**

- Experienced public company director
- Co-founded Premier Artists & Frontier Touring Company
- Very strong financial management background & success in building businesses in evolving & competitive markets
- Director of Liberation Music, Premier Artists, The Harbour Agency, former Chairman of MCM Entertainment



**GEOFF PEARCE,  
NON-EXECUTIVE  
DIRECTOR**

- More than 40 years' experience, including owning & growing Scental Pacific Pty Ltd which was sold to the Smorgon family
- Geoff created & built a contract manufacturing business Beautiworx Australia Pty Ltd, (sold to BWX Limited in January 2014). CEO of Beautiworx & director of BWX in the lead-up to ASX listing in 2015
- Chairman of Probiotec (ASX:PBP)
- Geoff owns The Continental Group, which provides raw materials, cosmetic & pharmaceutical packaging, roto-molded cooler boxes & other leisure goods to businesses around the globe
- Proven experience in business development & an in-depth knowledge of manufacturing, packaging & distribution



**PETER CROCK,  
CHIEF EXECUTIVE  
OFFICER**

- Peter is an experienced senior manager with strong skills in marketing & technology development
- Twenty-eight years with Nufarm Group, most recently working in the rapidly evolving "Ag Tech" space. Other senior management roles covering R&D, IT, marketing & business development
- Project manager on several newly acquired businesses, extensive experience working with regulators locally & overseas



# CAPITAL STRUCTURE & USE OF FUNDS

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DESCRIPTION	NO. OF SHARES	TOTAL UNDILUTED	TOTAL DILUTED
<b>Total Issued Capital (ordinary shares)</b>	<b>108,353,336</b>	<b>100.0%</b>	<b>98.2%</b>
Total Options on issue (underwriter options)	2,000,000		1.8%
<b>Total issued capital on a diluted basis</b>	<b>110,353,336</b>		<b>100%</b>

**~31m shares, representing 51% of the fully-diluted pre-IPO register, are subject to escrow of up to 24 months from ASX listing (4 May 2017)**

DESCRIPTION	ESTIMATED SPEND (\$M)
Construction of purpose-built facility	1.8
Feasibility / scoping study for purpose-built facility	0.5
Construction of grow infrastructure	1.0
Cultivation, manufacturing & other plant & equipment	0.4
Research & Development	2.2
Cultivation	4.2
Participation in clinical studies	0.5
Commercial costs of medical liaison & TGA consultants	0.3
Facilities lease costs	1.1
Administration & working capital	<b>3.0</b>
Balance of expenses of the Offer	<b>0.4</b>
<b>TOTAL</b>	<b>15.5<sup>2</sup></b>

<sup>2</sup>Includes \$2m existing cash



# R&D & CULTIVATION PROGRAM PROGRESSING AHEAD OF SCHEDULE

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**Cann is progressing a three phase growth strategy to build its cultivation capability, with adequate funding to complete Phases 1 & 2**

Southern facility's  
three additional indoor  
grow rooms increases  
capacity to ~180m<sup>2</sup>

Northern facility secured  
& commissioned –  
~600m<sup>2</sup> flowering room  
capacity

Phase 3  
green-field facility including  
GMP manufacturing  
~4,500m<sup>2</sup> \$15-25M capex

**PHASE 1**

**PHASE 2**

**PHASE 3**



*The Victorian Minister for Agriculture, the Hon Jaala Pulford, with Cann Group CEO, Peter Crock*

# OUR FOCUS

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Rapidly developing  
market with substantial  
growth potential

Regulatory  
pathway now  
defined

A clear  
Australian focus



“

**CANN IS UNIQUELY FOCUSED ON BUILDING A WORLD-CLASS  
AUSTRALIAN-BASED MEDICINAL CANNABIS COMPANY**

”



Licences & permits  
now secured

Accelerating cultivation  
expansion program

Key industry  
partnerships in place

High value  
export opportunity

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# REGULATORY PATHWAY

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Process step		Therapeutic Goods Act (TGA)	Narcotic Drugs Act (ODC)	States and territories involved?
Patient need	Access <sup>1</sup>	✓ <a href="#">Special access scheme</a>	✗ No	✓ Yes
Medical authorisation		OR ✓ <a href="#">Authorised prescriber</a>		
Import (if obtaining from overseas)	Import	✓ Responsibility of the sponsor	✓ <a href="#">Licence</a> <sup>2</sup> and <a href="#">permit</a> <sup>2</sup> to import controlled substances	✓ Yes
Distribution	PATIENT with medical authorisation	✗ No	✓ Responsibility of the licensee	✓ Yes
Manufacture of medicine in its dosage form	Local cultivation and supply <sup>2</sup>	✓ Licensable	✓ Licences and permits	✓ Yes
Manufacture of active ingredient		✓ Licensable	✓ <a href="#">Licences and permits</a> <sup>2</sup>	✓ Yes
Harvest (termed 'production' in the Narcotic Drugs Act)		✗ No	✓ Licences and permits	✗ No
Cultivation		✗ No	✓ <a href="#">Licences and permits</a> <sup>2</sup>	✗ No

1. These access arrangements apply unless an appropriate medicinal cannabis product is on the ARTG and available.

2. Access requirements still apply.

Source: Australian Government Department of Health / Therapeutic Goods Administration

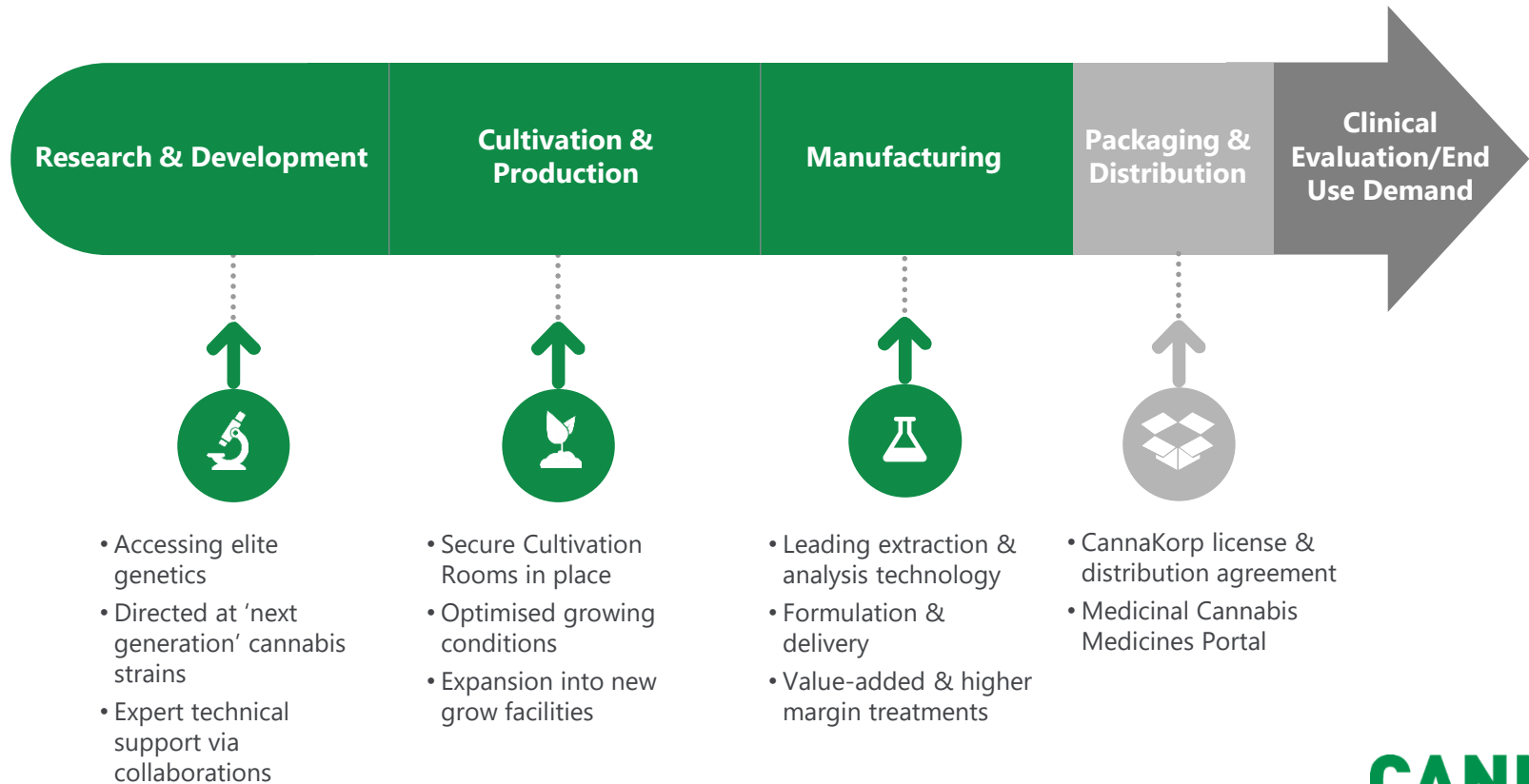
# BUSINESS MODEL & THE INDUSTRY VALUE CHAIN

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FEDERAL & STATE GOVERNMENT REGULATED

Cann's competitive strengths lie in these segments of the value chain...

...with a clear pathway to secure involvement in these segments



# GROWTH CYCLE

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18-24 hours light per day



Mother plants

Cuttings every  
two weeks



Propagation  
10-14 days



Vegetative  
21-28 days

Re-pot

Less than 12 hours light per day

6-9 week duration



Flowering

Re-pot

# THE OPPORTUNITY: AUSTRALIAN MARKET SIZE

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Forecasting the potential size of the Australian medicinal cannabis market can be roughly determined using two methodologies

## Methodology 1: Demand-driven by condition

- Australia only – allows for a relatively small number of patients to access highly-refined, pharmaceutical cannabis products
- Such a patient pool would include those suffering from muscle spasms, seizures, severe vomiting/nausea, wasting &/or severe pain relating to various illnesses
- Based on the recommended CBD/THC dosage for each condition (using currently-available data), an estimate is made for these for the total national demand for these pharmaceuticals based on CBD & THC content

Condition	Patients	Dosage/day/patient	Demand/annum
Epilepsy	3,957	300mg CBD	288.8kg CBD
HIV/AIDS	10,588	10mg THC	38.6kg THC
MS	15,875	20mg CBD, 21.6mg THC	115.9kg CBD, 125.1kg THC

Condition	Dosage/treatment	Treatments/annum	Demand/annum
Cancer	3mg THC	995,827	2.9kg THC

- Initial demand of up to 8,000kg – more than A\$100m potential revenue in year one – growing to A\$380m by 2018 & A\$1.3bn in 2026
- Office of Drug Control (ODC) estimates 20,000m<sup>2</sup> required for first two years production
- Cann's assessment of patient pools, based on industry body (by condition) data
- Using current average Canadian pricing & dosage as a guide, with 20% penetration & 30 treatment days per year – total future market value ~A\$1.3bn

## Methodology 2: Peer country comparable usage

- If Australia were to emulate the medicinal cannabis regulations of the Netherlands or Canada, the industry would need to supply at least 8,000kgs of cannabis to patients per annum
- This forecast is based to current patient numbers, which are likely to grow significantly over time – hence, 8,000kg should be assumed to be today's demand & this would be expected to increase

	Israel	Netherlands	Canada
No. Patients	22,000	25,000	30,537
Average daily consumption per patient	1.4g	0.68g	1.1g
National daily consumption	31kg	17kg	33.5kg
National annual consumption	11,242kg	6,205kg	12,260kg
Population of country	8,400,000	16,800,000	35,100,000
Per capita, annual consumption	1.33g	0.369g	0.349g
Projected Australian demand	31,450kg	8,679kg	8,208kg

CONDITION	PATIENT NUMBERS (TOTAL POOL)
Arthritis	3,850,000
Cancer	130,000
Chronic pain	4,855,000
Epilepsy	146,000
Multiple Sclerosis	24,300
Osteoporosis	652,500
Parkinson's	69,400

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# AUSTRALIAN INDUSTRY LEADER

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Various images from recent propagation, cultivation & harvest at Cann's Southern facility



## Established operations

- Secure Cultivation Rooms fitted with requisite lighting, irrigation, climate control & other equipment to grow cannabis for medicinal & research related purposes

## Expansion underway

- Licence variation to bring the "Northern Facility" on line – Security upgrade underway

## Building an IP portfolio

- R&D program focused on variety & cannabinoid profile development

## Cooperation with experts

- Canadian genetics, analytical expertise and operational scale, with IP development through Australian agricultural and industrial scientific collaboration





# LICENSING & DISTRIBUTION AGREEMENT WITH CANNAKORP

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## **Cann has executed a licensing & distribution agreement with Massachusetts-based technology start-up CannaKorp**

- Cann secures agreement to import & sell CannaKorp's proprietary vaporizing system in Australia & NZ
- Secures rights to produce the medicinal cannabis pods associated with the device
- Desktop vaporization device accepts single-use pods containing precisely prepared ground cannabis
- Cann receives initial nine-month exclusive manufacturing right, in addition to right to perform pod processing for other licensees, following the necessary regulatory approvals
- Vaporizer to be available as open platform for licensed medicinal cannabis cultivators
- The use of a vaporizer is a key delivery method for efficient, measured doses of medicinal cannabis



# CORNERSTONE INVESTOR: AURORA CANNABIS INC.

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Aurora Cannabis Inc. (TSXV:ACB), one of Canada's largest publicly-listed cannabis companies, holds a 19.9% shareholding in Cann after investing A\$6.5m in the IPO



## AURORA®

- Canada's 2<sup>nd</sup> largest (by market capitalisation) publicly-listed licenced medicinal cannabis grower / manufacturer
- Targeting one of the largest production footprints with a purpose-built, state-of-the-art production facility specifically designed for growing & cultivating cannabis
  - Existing 55,200 sq foot facility
  - Current expansion of additional 650,000 sq foot facility underway
  - On completion, capacity of approx 30,000 kg / year
- Acquired CanvasRx in August 2016, a company that provides counselling services to patients who have received a prescription for cannabis from a physician, providing strong end-user / patient access
- **July 2017 – Signed five year technical services agreement with Cann to facilitate the exchange of information & support across areas including cultivation & processing of medicinal cannabis, extraction & manufacturing technology & analysis of cannabis extracts**

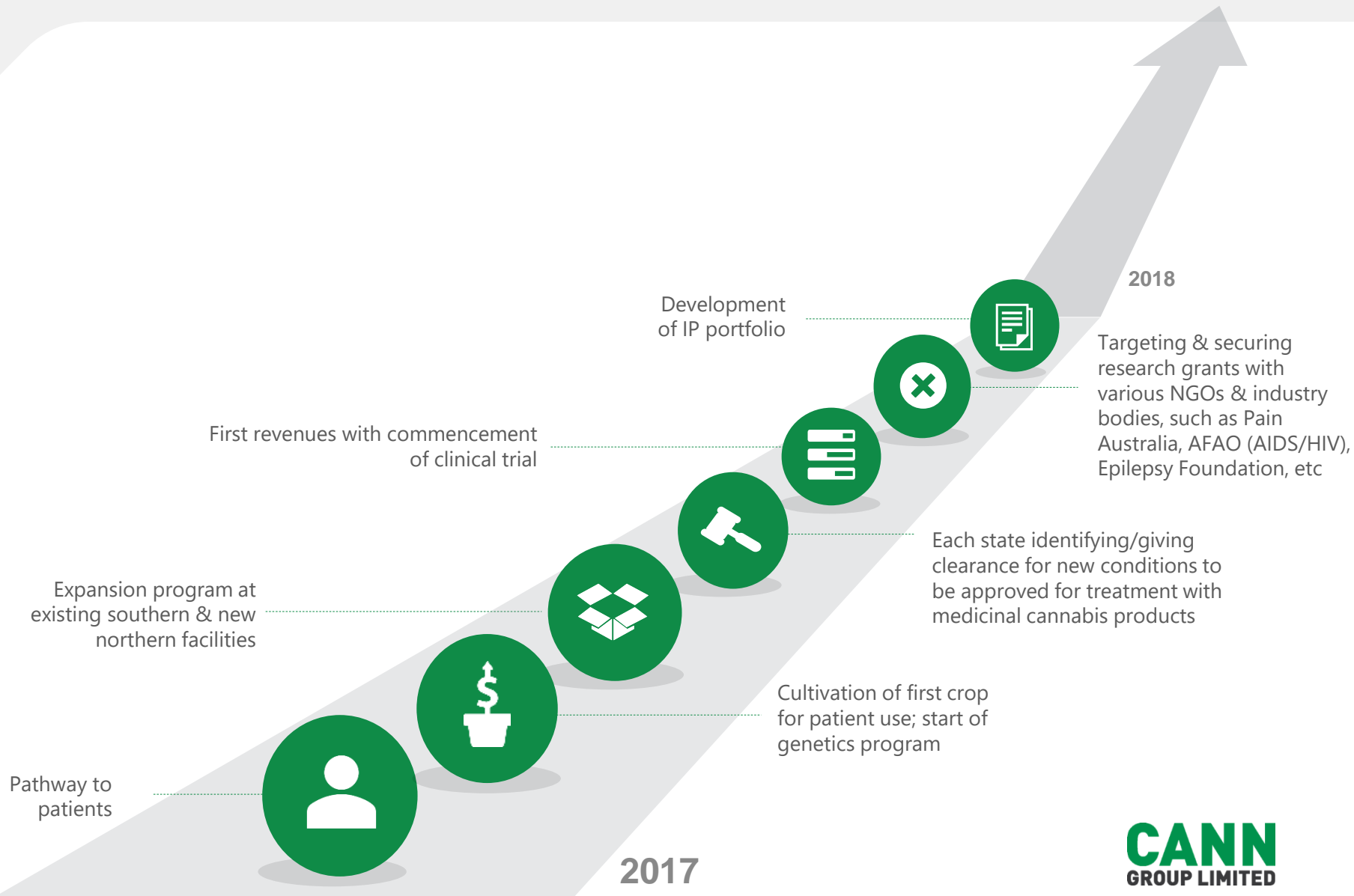
METRIC	VALUE
Share price	C\$2.43
Shares on issue	366.8m
Market capitalisation	C\$891m
<b>Strong balance sheet – Cash &amp; ST Invest.</b>	C\$112m

**Aurora brings a wealth of experience, networks & knowledge to Cann that will fast-track and maximise Cann's growth strategy in Australia**

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# MILESTONES & NEWSFLOW

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# CONTACTS



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