



CANN
GROUP LIMITED

Full year results presentation

August 2019

Allan McCallum – Chairman
Peter Crock – Chief Executive Officer

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Allan McCallum Chairman

Financial results

	2019	2018
	\$	\$
Revenue	2,347,668	560,000
Other income	1,904,975	943,391
Administration and corporate costs	(13,466,524)	(5,549,257)
Research and development costs	(1,047,608)	(776,430)
Fair value adjustment of biological assets	(465,919)	104,820
Loss before transaction costs, finance costs and income tax expense	(10,727,408)	(4,717,476)
Finance costs	(198,909)	(8,381)
Loss before income tax expense	(10,926,317)	(4,725,857)
Income tax expense	-	-
Loss attributable to members of the Group	(10,926,317)	(4,725,857)
Other comprehensive income	-	-
Total comprehensive loss attributable to members of the Group	(10,926,317)	(4,725,857)
Basic and Diluted earnings per share (EPS)	(0.078)	(0.038)

Cultivation

- Most experienced cultivator in Australia – continuous since 2017 with more than 40 harvests
- Proven capability to produce medicinal grade cannabis, giving Cann a key intellectual property position
- Accelerated breeding program focused on delivering independent genetics
- State-of-the-art large-scale cultivation facility under construction in Mildura, Victoria



Processing

- Partnered with IDT Australia (ASX:IDT) for manufacturing support in relation to cannabis-based product formulations
- Brings excellent capabilities & experience in the manufacture of cGMP quality pharmaceuticals
- Provides Cann an integrated pathway through the full supply chain
- Extraction equipment installed & being commissioned for full GMP compliance



Existing pharmaceutical equipment at IDT Australia

Commercial

- Contract with Victorian Department of Health & Human Services (DHHS) for supply of medicinal cannabis resin
- Five-year offtake agreement signed with Aurora Cannabis
- Product development & validation on track for commercial sales of Cann products before end of calendar 2019
- Partnerships with numerous patient access pathways
- Rapid growth in Australian patient approval rates
- Focus on Australian patient supply & clinical trial involvement





Peter Crock CEO

Continued successful production

- Ongoing harvest cycle across the Southern & Northern facilities, which operate at full capacity
- More than 40 harvests from a base now including 24 imported varieties
- First harvests of internationally sourced genetics completed
- Supply of medicinal cannabis from Southern facility to the Victorian Government Department of Health & Human Services (DHHS)
- Material from Northern facility supporting several research programs



Key facilities & updated expansion program

- Mildura site purchased for construction of facility comprising world scale greenhouse & associated support areas
- Production capacity increased to 70,000kg of dry flower per annum – ability to generate \$220-280m in annual revenues
- Siteworks completed & construction underway – completion expected Q4 CY2020
- Design revisions to increase production efficiencies & lower overheads
- Modelling underway to determine capital expenditure of revised design
- Southern facility purchased in July 2019
- Manufacturing agreement signed in August 2018 with IDT Australia for production of medicinal cannabis formulations
- Cann's supercritical CO₂ extraction equipment required for medicinal cannabis production installed at IDT, with commissioning & validation work underway



Image from Aurora Sky facility in Canada – Cann's expansion program will see the company build the next generation in glasshouse design & technology in Australia

Regulatory approvals

- Post year end – manufacturing licences received for Cann’s Southern & Northern facilities
- Gives Cann Group all cultivation, production & manufacturing licences in addition to import & export licences
- May 2019 – IDT Australia granted manufacturing licence
- June 2019 – Aurora Cannabis receives import permit from Health Canada for cannabis cultivated by Cann Group

Commercial advancements

- Victorian DHHS takes delivery of first material from Cann Group under the supply contract announced in October 2018
- Offtake agreement with Aurora Cannabis – Cann to supply GMP processed dry flower, extracted resin & manufactured medicinal cannabis products until 2024, relates to production beyond that required for Australian patients
- Product development & validation on track for commercial sales of Cann products before end of calendar 2019
- Supply of Australian patients with Aurora Cannabis oil via the TGA Special Access Scheme
- Strategic partnerships with clinic operators including Emerald Clinics



Strategic partnerships & research

- NZ\$6 million investment for 20% strategic ownership stake in well positioned NZ medicinal cannabis company Pure Cann New Zealand Limited – technical services agreement signed
- MOU with Agriculture Victoria for additional medicinal cannabis research across cultivation, extraction, strain genome analysis & identification
- Three-year R&D collaboration with CSIRO to investigate numerous opportunities across medicinal cannabis technologies
- Cann an industry partner with La Trobe University’s research hub for medicinal agriculture
- Strategic investment in independent medicinal cannabis clinic group Emerald Clinics



Outlook

- Progress construction & development of the Mildura facility
- Debt funding to be confirmed with finalisation of design revisions
- Testing of export pathways with Aurora & commencement of exports under the offtake agreement
- IDT manufacturing commencement
- Clinical study involvement
- Focus on Australian patient supply



Questions



CANN
GROUP LIMITED

CONTACTS:

Clive Fanning
Head of Investor Relations
Cann Group Limited
+61 (0)498 000 762
contact@canngrouponlimited.com

Matthew Wright
Investor / Media Relations
NWR Communications
+61 (0)451 896 420
matt@nwrcommunications.com.au

