



ASX ANNOUNCEMENT

15 February 2021

Cann Group revises revenue guidance for FY21

15 February 2021 – Cann Group Limited (ASX: CAN) (**Cann** or the **Company**) today advised that COVID-19 related regulatory delays have necessitated an adjustment of revenue guidance for the current financial year. The adjustment follows a management-Board review – completed over the weekend – as part of the Company’s preparation of its half-yearly report, which will be released next week. The revised forecast reflects an update to the expected timing of revenue, with revenue originally forecast to be recognised this financial year now expected to be recognised in the first half of financial year 2022. The Company is now forecasting revenues of between \$8 million and \$10 million (previously \$15 million), with the revised guidance subject to relevant regulatory clearances being secured.

The Company’s previous revenue guidance assumed sales of Cann medicinal cannabis products to customers in Australia and in overseas markets, particularly the UK and Germany.

Substantial delays have been incurred in relation to obtaining required regulatory approvals both in Australia and in Germany, with the authorities involved impacted by COVID-19 priorities and resource constraints.

Cann entered into a supply agreement with German distribution partner iuvo Therapeutics Limited (iuvo) in May 2020 and received an initial purchase order for 19,000 units in December 2020. That product is currently being manufactured and is expected to be ready for shipment to Germany in late March/early April, pending final regulatory clearance. iuvo has indicated that it is seeing strong demand from its customers and has recently increased the order to approximately 25,000 units, with the additional product having moved into production. Being fully compliant with the latest German Pharmacopoeia Monograph “Cannabis Extractum Normatum”, the product will be one of the first full-spectrum extracts available in the German market.

Cann’s revised revenue guidance for FY21 assumes the iuvo order will be shipped by the end of April and additional orders will be received and filled from iuvo prior to the end of the period.

The initial shipment of 1,400 bottles to the Lyphe Group (shipped in December 2020) have commenced being dispensed to patients in the UK and the company is on schedule to deliver another shipment in April.

Orders for supply to our Australian partners continue to grow and the Company will manufacture and deliver over 5,000 bottles in the current quarter. Cann continues to work with our New Zealand partner, Zalm Therapeutics, on the registration of Zalm’s product range, with supply forecasted to commence in the second half of calendar year 2021.

The Company will continue to work with its customers and relevant authorities to expedite regulatory approvals and clearances.

CANN GROUP LIMITED

Cann Group CEO, Peter Crock, commented: *“While the lengthy regulatory delays are frustrating, we believe this is a timing issue only and the fundamentals of the business have not changed. Demand for Cann product continues to build steadily and our commitment to produce quality product to the highest GMP standards ensures the broadest possible market access opportunity.”*

COVID-19 impacts outside of the control of the Company are being carefully monitored in relation to potential constraints in business development activity and some works associated with Cann’s new Mildura production facility. Work is now underway on the Mildura site, and the program is on schedule, but the Company remains very focussed on the possibility of further COVID-19 impacts, particularly in relation to the availability of specialised overseas-based contractors.

Authorised for release by the Board, Cann Group Limited.

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About Cann Group

Cann Group Limited (ABN 25 603 949 739) is building a world-class business focused on breeding, cultivating, manufacturing and supplying medicinal cannabis for sale and use within Australia and for approved overseas export markets. The company has established research and cultivation facilities in Melbourne and is developing a state-of-the-art cultivation facility near Mildura, Victoria. Cann Group has executed collaboration agreements that have enabled it to establish a leading position in plant genetics, breeding, extraction, analysis and production techniques required to facilitate the supply of medicinal cannabis for a range of diseases and medical conditions. The Company is commercialising a range of imported and locally sourced and manufactured medicinal cannabis products. **Learn more about Cann Group at www.canngrouplimited.com**