



satipharm



*UK range – not available in Australia



CANN

GROUP LIMITED

Investor presentation
February 2021



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Executive summary

Strategic M&A	<ul style="list-style-type: none">• Cann has agreed terms for the acquisition of Satipharm, a European based business with proprietary cannabinoid delivery technology• The acquisition secures proprietary micro-encapsulation delivery technology, enabling Cann to immediately access UK and some European low dose CBD markets and to establish Gelpell® GMP manufacturing in Australia and fast track development of unique medicinal cannabis formulations across Cann's product offering• Maximum purchase consideration of CAD\$4.00m will be funded through CAN scrip
Revenue guidance update	<ul style="list-style-type: none">• Significant regulatory delays due to COVID impacts both in Australia and Germany• FY revenue forecast of \$8m-\$10m (subject to regulatory clearances) vs \$15m as previously guided• New forecast reflects update to expected timing only – revenue originally expected in FY21 now expected in first half of FY22• Despite the delays customer demand continues to strengthen
Strategy unchanged	<ul style="list-style-type: none">• Cann continues to pursue a strategy of market leadership in the Australian medicinal cannabis industry and leveraging a combination of technology and scale to be a significant supplier to markets around the world• Cann is executing this strategy by securing near term revenue opportunities and commercialising a pipeline of new innovative products – expected to be accelerated as a result of the Satipharm acquisition
Strong commitment to Mildura expansion	<ul style="list-style-type: none">• The Mildura expansion remains a critical component of Cann's growth strategy, with site activities underway in February• \$50 million bank facility with NAB secured to fund expansion activities• Stage 1A scheduled for commissioning by end of current calendar year• Potential for further COVID impacts being monitored closely to minimise possible delay

1. Strategic M&A to accelerate revenues & bolster product pipeline

Share Sale Agreement executed for Cann to acquire Satipharm

- **Satipharm is exclusively licensed** to develop and distribute cannabis-based products utilising proprietary Gelpell® micro-encapsulation technology
- Gelpell® is supported with data that indicates **increased bio-availability** and **superior stability/shelf-life** in products which use this technology
 - ✓ **Patent protected**
 - ✓ **Improves absorption** of CBD and other cannabinoids
 - ✓ **Facilitates dosing accuracy**
 - ✓ **Typical 'pharmaceutical' presentation form**
- Satipharm currently focused on low dose CBD market segment, with **distribution arrangements in place in UK, Ireland and some Eastern European markets**, including **major pharmacy chains** Boots, Lloyds and Holland & Barrett
- Satipharm is forecast to generate **~\$1m in revenues for the six months to 30 June 2021, with a material ramp up in sales expected thereafter** (subject to rollout of Gelpell® in European pharmacies)
- Cann is also in discussions with Harvest One in relation to **potential distribution arrangements in North America**
- Gelpell® based products are currently being sold by Satipharm in Australia under the Special Access Scheme and recent regulatory changes also **provide a pathway toward over the counter sales**
- By establishing GMP manufacturing for Gelpell® in Australia, Cann will utilise the technology across **the full spectrum of cannabis formulations**
- Cann's ability to **fast-track development** of THC based medicinal cannabis products using Gelpell® technology adds significant value to the Satipharm opportunity

Notes:

1. Up-front scrip consideration to be issued at 5 day VWAP on ASX trading day immediately prior to completion date
2. To be received in cash or scrip at the discretion of CAN

satipharm*

Summary of key terms and conditions

Key terms	CAD\$ million
Total maximum consideration	\$4.00 million
Up-front scrip consideration ¹	\$2.50 million
Deferred consideration ²	up to \$1.50 million



Strong strategic rationale, securing both existing and future market opportunities

Existing and future opportunities in quickly developing low dose CBD market

- Includes existing commercial supply agreements with retail channels in United Kingdom, Ireland and Eastern Europe and supply via Special Access Scheme in Australia. Low dose CBD products approved for OTC pharmacy supply this month.
- Cann plans to proceed with submission to have Gelpell® capsules registered on the Australian Register of Therapeutic Goods (ARTG) in Australia, following TGA approval for low dose CBD products to be sold OTC at pharmacies
- North American distribution rights currently under discussion with Harvest One.

Fast-tracked opportunities in prescription and over the counter medicinal cannabis segment

- Allows Cann to utilise the proprietary Gelpell® microencapsulation technology across the full spectrum of cannabis formulations, including THC
- Existing bioavailability and stability data facilitates fast-tracking of development program
- Potential to give Cann a differentiated product position on a global basis

Leveraging the Satipharm acquisition to develop new market segments, access new geographies, and develop a range of unique medicinal cannabis formulations

2. Update to revenue guidance

Updated FY21 revenue forecast – market demand remains strong

- **COVID has led to regulatory delays**, both in Australia & international markets, that have limited Cann's ability to ship product to customers
- **Forecast revised to \$8-10m**, remains subject to receipt of necessary regulatory approvals
- **New forecast reflects update to expected timing only**– with some FY21 revenue now expected to be recognised in first half of FY22
- Sales to German partner **iuvo Therapeutics form the majority of anticipated revenue** that has been delayed
- Initial 19,000 unit order from iuvo expected to be **ready for shipment by early April** – **order now increased to ~25,000 units** given strong customer demand
- **Further shipments to UK partner LYPHE Group** expected in April
- **Orders for supply to Australian partners continue to grow** – more than **5,000 bottles** expected to be delivered in current quarter
- Fundamentals of business remain unchanged



3. Strengthening the core business model

A vertically integrated medicinal cannabis producer, supplying markets in Australia & overseas

Production

Existing facilities currently provide 1,200kg p.a in capacity with Stage 1A of Mildura allowing for an additional 12,500kg p.a

Collaborations

R&D capabilities bolstered by work alongside Agriculture Victoria, CSIRO, La Trobe University, NSW DPI & Monash Medical Innovation Centre

Cultivars

Testing & developing strains with improved attributes for cultivation at scale

Manufacturing

Arrangements for the manufacture of Active Pharmaceutical Ingredients (resin & oils) and finished products under GMP

Distribution

Distribution agreements in place in Australia with Symbion and in key European markets (Germany & UK) with iuvo & LYPHE Group to deliver Cann manufactured product through pharmacies to patients

Supply

Agreements in place to supply customers in Australia & overseas markets including the UK, Germany & New Zealand.

Products

Expanding range of value-added products in Cann's portfolio for supply to Australian & overseas customers



Multiple pillars of growth

Supply/offtake agreements supporting revenue growth	Strategic M&A	Product pipeline	Mildura expansion
<ul style="list-style-type: none"> Cann has multiple supply/offtake agreements in place with both Australian domestic and overseas based medicinal cannabis companies Key supply agreement with iuvo Therapeutics, with order recently increased to ~25,000 units to be manufactured and shipped immediately upon regulatory clearance Cann is currently pursuing additional contracts Based on customer forecasts, and subject to regulatory clearances, Cann is projecting revenues of \$8-10 million in FY21 	<ul style="list-style-type: none"> Cann Group continues to review strategic M&A opportunities that drive near term revenues and consolidate an industry leadership position Cann has executed a share sale agreement for the acquisition of Satipharm, an established Europe-based business focused on unique cannabinoid (CBD) product formulations The acquisition gives Cann an immediate position in the rapidly growing low dose CBD market segment, and fast tracks the development of new, novel THC based medicinal cannabis formulations The existing Satipharm CBD business is projected to generate revenues of ~\$1 million in FY21 	<ul style="list-style-type: none"> Cann is developing a range of value-added finished product formulations The Satipharm acquisition fast tracks Cann's ability to develop and commercialise novel cannabinoid (including THC) formulations based on the Gelpell® technology TGA down-scheduling of certain low dose CBD products provides a significant opportunity for Cann to seek registration of Gelpell® in Australia, with supply in the interim under the TGA's Special Access Scheme Cann's extensive genetics program aims to develop multiple cannabis strains that address specific indications 	<ul style="list-style-type: none"> Cann remains committed to Mildura expansion plans Mildura facility will provide substantial technology and efficiency gains \$50m debt financing secured from NAB with construction activities restarted in February Monitoring COVID situation closely and planning to minimise potential impact Expansion provides scale and cost base to enable Cann to be globally competitive Substantial uplift in margins as Cann transitions from imported biomass to local cultivation

4. Mildura expansion program recommences

Mildura remains a critical part of Cann's expansion plans

- Stage 1a proposed to include capacity to produce 12,500kg of dry flower per annum
- Expected timeline:
 - Construction restarted February 2021
 - Planned commissioning by end of 2021
 - First material planned to be processed & ready for release by March 2022
- Mildura facility will provide substantial technology & efficiency gains
- Expansion provides scale & cost base to enable Cann to be globally competitive
- Cann has received debt financing from NAB for construction of the Mildura project
 - \$50m amortising facility over a term of 8 years



5. Positive industry fundamentals

Industry status

- **Australian momentum continues to be positive**
 - Consistent growth in SAS approvals – now more than 6,000 per month
 - Level of demand expected to require 40,000kg per annum of dry flower production within five years
 - Regulatory reform, including CBD becoming available over-the-counter, will improve patient access
- **Global market expansion continues**
 - Shortage of GMP compliant product in key markets
 - New international markets continue to open up including Europe (Germany, France, Poland), UK & NZ
 - Important recent regulatory changes include UN decision to reschedule cannabis
- **Acceptance & body of evidence increasing**
 - Growing number of medical professionals prescribing medicinal cannabis
 - Clinical trials & medical evidence continues to build



Corporate structure (at 12/2/21)

Share price	\$0.77
ASX code	CAN
Market capitalisation	\$208m
Shares on issue	270m
Options	24.2m
Cash at bank (31/12/20)	\$27.74m

Highlights

- ✓ Market demand for medicinal cannabis remains strong despite regulatory & COVID related delays
- ✓ Track record of successful cultivation and GMP standard product commercialisation
- ✓ Variety of paths to market via successful B2B supply strategy, expanding portfolio of Cann products and through planned registration of Satipharm OTC products provides B2C pathway
- ✓ Satipharm acquisition represents a unique opportunity to access low dose CBD segment and fast-track development of novel, differentiated THC formulations
- ✓ Construction at Mildura back underway with commissioning of first stage expected by calendar year end
- ✓ Outlook continues to improve with domestic and international tailwinds including UN downscheduling, TGA ruling on CBD & US House of Reps vote



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