



ASX ANNOUNCEMENT

10 November 2021

Chairman's and CEO's addresses

10 November 2021: In advance of this afternoon's Annual General Meeting of shareholders to be held at 2.00pm, and in accordance with ASX Listing Rule 3.13.3, Cann Group Limited (CAN:ASX) is pleased to provide copies of the addresses that will be given by our Chairman, Mr Allan McCallum AO, and our Chief Executive Officer, Mr Peter Crock.

These addresses have been authorised for release by the Board of Directors, 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. Cann also owns Satipharm, a Europe-based business exclusively licensed to manufacture, develop and market the proprietary Gelpell delivery system for cannabinoids. Cann has established research and cultivation facilities in Melbourne and is developing a state-of-the-art cultivation and manufacturing facility near Mildura, Victoria. Cann Group has established 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 at: www.canngrouplimited.com | www.satipharm.com



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Chairman's & CEO's addresses to Annual General Meeting

10 November 2021 - Cann Group Limited (ASX: CAN) presents the Chairman's Address and CEO's Address to shareholders at the Annual General Meeting to be held at 2.00pm today, Wednesday 10 November 2021.

Chairman's address

Last AGM I spoke in some detail on COVID's impact on CANN, our employees and the community in general.

As we are all too aware, those impacts have continued into 2021, resulting in some significant challenges.

It is a credit to our management team and staff - and our contractors - that despite these "COVID obstacles" we have been able to maintain momentum in implementing our strategy and executing on most of our key objectives during the financial year. We remain confident that our integrated, business-to-business and business-to-consumer models will enable us to generate sustainable growth and enhance shareholder returns.

Our growth strategy was supported by shareholders with our \$40.2 million capital raise at the start of the financial year and a more recent capital raise in the first quarter of this new financial year. This allowed CANN to progress the construction of the Mildura operations while negotiating a bank loan facility that would help us complete Stage 1A of Mildura, which will deliver an annual capacity of 12,500 kg of dried flower grown at costs competitive with other scaled production facilities globally.

Our ability to secure the \$50 million debt facility with National Australia Bank is a strong endorsement of CANN's business plan and growth strategy.

Throughout the year it became clear that we needed to invest in a fully integrated supply chain at Mildura to ensure we maintain control over our production process and capitalise on cost efficiencies. The facility will now have the capability to grow cannabis and then take the product through testing, drying, extraction, formulation and packaging.

Shortly, our CEO Peter Crock will review the financial and operational highlights for the year. CANN continues to make solid progress against its plans, leveraging strategic acquisitions and partnerships to move towards delivering our desired outcomes for shareholders.

The acquisition of the Satipharm business in February this year substantially enhanced CANN's capability to deliver medicines utilising innovative and proprietary delivery systems across a range of customers and markets. This positions CANN to:

- Capture immediate access to the rapidly growing CBD markets in UK and Europe
- Fast-track development of registrable, differentiated THC medicinal cannabis products through the proprietary technology platform; and

- Be a leader in the low-dose CBD market segment in Australia with Satipharm CBD capsules as the basis of an application for S3 registration in the Australian over-the-counter market.

Our investment in a world class facility at Mildura and the Satipharm acquisition provide a clear pathway to driving revenue growth in Australia and in global markets. CANN is uniquely positioned to supply medical grade products from one of the most significant cannabis cultivation and cGMP manufacturing facilities in Australia. Mildura delivers operational and cost efficiencies that will position the company competitively to be able to tailor solutions to customers from across the medicinal cannabis value chain. We aim to be a strong, innovative and reliable partner for our customers, offering them solutions that suit their needs.

The Mildura facility is also providing opportunities and benefits to the Mildura region and communities via employment opportunities and the provision of local services. We look forward to working with local partners to ensure that CANN is valued as a participant in the community.

Supporting this centrepiece investment are ongoing upgrades at our Southern facility and continued investment in our R&D pipeline. Innovation is also core to the CANN strategy and we have continued to enhance our R&D capability – both in-house and through strategic partnerships which Peter will expand on.

A highlight of this year was the partnership we have established with iuvo Therapeutics, which is a leading independent German GMP certified importer and distributor of medicinal cannabis products throughout Europe.

The first shipment of 20,000 units was sent to Germany in April. The product has been favourably received and further orders are expected.

The medicinal cannabis industry continues to grow both globally and here in Australia as a result of education, regulatory change and a growing body of evidence which supports its therapeutic benefits. We believe the demand for safe, high quality medicinal cannabis treatments will continue to grow strongly.

During the year, we strengthened our Board with the appointment of two new non-executive directors - Jenni Pilcher joined in September last year and John Sharman joined in April this year. Both are making an important contribution.

I would also like to acknowledge our retiring Deputy Chairman, Philip Jacobsen and his contribution to the development of our company to date.

Philip became involved with CANN in 2014, and as part of our Due Diligence participated in a trip to Denver, Colorado to see how the relatively new Medicinal Cannabis industry was developing and what part Cann might play in its future.

I have appreciated Philip's experience and support through the structural changes pre and post IPO that have placed CANN where it is today. Philip's belief in CANN and its products has also been backed up with his financial support as he is our number 1 shareholder.

On behalf of all at CANN – and your fellow shareholders - I thank you, Philip.

I would also like to acknowledge Peter Crock, his management team and our workforce for maintaining our momentum over this past 12 months in the face of the pandemic - hopefully those challenges are now largely behind us.

Finally to our shareholders, thank you for your support and patience. It is clear that medicinal cannabis is increasingly becoming part of the mainstream healthcare sector. It is important that as a company and an industry we act responsibly and in the interests of all our stakeholders. The opportunity is significant and will continue to grow as the science and evidence develops. The Board and I are confident that our people, and our strategy will ensure CANN continues to be at the forefront of this exciting and rapidly growing industry.

I will now hand over to Cann's CEO, Peter Crock.

CEO's address

Thank you, Allan. And I would also like to add my welcome to those shareholders who are joining us for this AGM.

As the chairman has noted, COVID-related challenges have been a constant throughout the year, impacting our employees and our business – and, of course, the broader community as we have been subject to lockdowns and other disruptions. Despite Melbourne experiencing the longest lockdown in the world, CANN has largely remained on track with the implementation of our strategy with very little interruption to our production, and the continued expansion of our product range and customer base. The most significant COVID impacts have related to delays in regulatory clearances and to logistical factors affecting our construction workforce at Mildura.

In the 2021 financial year we achieved sales of \$4.3 million. This represents a substantial increase on the prior year, but - more importantly - it reflects positive commercial momentum as we continued to open export pathways and build-out our domestic customer base.

The investment in our state-of-the-art facility at Mildura, and the strategic acquisition of Satipharm are key components of our strategy and will help us generate sustainable revenue growth in Australia and in global markets. During the past 12 months, we have also undertaken important upgrades at our Southern facility and continued investment in innovation through our R&D programs.

The construction of Mildura is an important step towards supply chain independence and scale-related efficiencies and enables Cann to compete for new business on a truly global basis. With the certainty of funding associated with our NAB loan facility and the support of shareholders via the various capital raises we have completed over the past 18 months, we are now able to expand the scope of the Mildura facility to not only bring online annual cultivation capacity of 12,500kg of cannabis dried flower, but to also include GMP extraction, manufacturing and analytical laboratory capabilities. This provides the opportunity for CANN to have a world class facility that can produce a broad range of products and service a range of customers and markets while being globally cost-competitive.

Our ability over the past year to re-mobilise our contractors and construction workers at Mildura has been critical in terms of keeping this project on schedule. We have been able to leverage access to and partnerships with leading international technical experts from the Netherlands including Van der Hoeven, PB Tech and Logiqs, and ALPS from Canada. Qanstruct from Melbourne has played a critical role as lead contractor on the project.

Lockdown restrictions did extend to construction in regional Victoria, imposing a reduction to 25% workforce on site. Cann applied for and was granted an exemption as a critical infrastructure project, so after some weeks of disruption, we were able to bring the workforce back to the uncapped 100% allocation. Of course, all on site workers need to be double vaccinated and we implemented a range of other COVID-safe measures in line with the Victorian Government requirements.

Despite those challenges, it is very pleasing to see the Mildura program approaching the final commissioning stage. It is a credit to our team that we have managed to keep the project on budget and largely on time. The Mildura facility will be an asset we can all be proud of and will bring significant value to the Mildura region, where we are aiming to be an employer of choice as we look to fill a range of skilled and unskilled roles over coming months.

Pleasingly, CANN has been selected to be part of the Federal Government employment program “Career Revive” which targets women returning to the workforce. We have also actively engaged with the local SuniTAFE and La Trobe University Mildura campus to provide training opportunities, and as a recruiting ground for potential employees.

As mentioned, we have also successfully completed upgrades at our Southern facility, providing an ability to produce cGMP packed flower at substantial cost saving over third-party contract manufacturing and packing. The TGA licence inspection has been carried out and we look forward to hearing an outcome in due course. Given the current COVID overlay, the TGA and ODC have been very supportive and adaptive in utilising virtual inspections, and it is hoped that these innovations might continue as part of the regulators’ practices going forward.

On a less positive note, CANN and one of our Dutch vendors, were the unfortunate target of a sophisticated cyber-attack in January 2021. The attack cost the company \$3.6 million of which \$1.2 million has been recovered. Police investigations are continuing, but unlikely to lead to any further recovery of funds. In response to this, CANN has reviewed and tightened its processes to prevent and mitigate against any such incidents occurring in the future.

On a commercial front, we have maintained our focus on business-to-business supply and have successfully executed multiple shipments to Germany and the United Kingdom, where our customers include iuvo Therapeutics, an independent German GMP certified importer and distributor, and Astral Health. I reported last year on our collaboration with iuvo to create a single supply pathway into Europe. I can report that we completed a strategic investment in iuvo during this year to enable iuvo to expand its prescriber and patient reach throughout Germany and Europe. This streamlines our access into European markets by leveraging iuvo’s position as one of Germany’s independent medical cannabis distributors.

In addition, we have secured new supply agreements with Australian customers, giving us a more diverse group of business-to-business clients with which to grow. Contracts are now in place with multiple domestic business-to-business clients with repeat orders completed and shipped for a number of them. Cann’s customer focus, combined with the capacity to deliver through its cultivation and manufacturing footprint, continues to build our reputation as a reliable supplier and partner.

The successful completion of the Satipharm acquisition has provided a business-to-consumer pathway for both Australian consumers and consumers in overseas markets including an immediate position in the rapidly growing low-dose CBD market segment in Europe. The Satipharm technology is also enabling us to fast-track our development of novel THC-based medicinal cannabis formulations. I am pleased to report that we have successfully integrated the Satipharm business and team into the CANN business, providing a strong platform on which to develop proprietary and differentiated products in multiple market segments where, for the first time, the technology will be applied to the full spectrum of cannabinoids for medical application.

The Satipharm capsule technology platform delivers medicinal cannabis products in a format that is similar in look and feel to other medicines that doctors normally prescribe. Understanding and confidence in such products is expected to provide stimulus for greater prescriber support.

Another significant development is the down-scheduling of low dose CBD products (150mg/d) to an S3 over-the-counter - or OTC – classification. This was announced by the TGA in December 2020, and legislation came into effect in February this year. It is a key opportunity for Cann and we have made significant progress on the journey to accessing this opportunity with a number of important steps finalised including:

- Engagement with a clinical research organisation;
- Selection of the primary indication and finalisation of the clinical trial design; and
- Recruitment planning is now underway.

The development of a registration dossier and the subsequent TGA process is expected to take most of calendar year 2022.

Innovation remains core to CANN's strategy and growth, with research underpinning improved genetics, new products and delivery systems. Our research partnerships focus on operational efficiency; yield improvement; and commercial applicability. The longer-term aim is to integrate specific cannabinoids into the Satipharm platform. Key activities include our partnerships with:

- Agriculture Victoria around genetics, which has continued to successfully progress selection of candidate lines with improved genetics for inclusion in our accelerated breeding program.
- La Trobe University. Where we have already identified opportunities for improvement in managing nutritional requirements of our commercial lines to improve yields at the Mildura facility
- NSW Department of Primary Industries, which has identified improvements in propagation, root establishment; shorter crop cycle times; and higher yields of cultivars, with this now being transferred to Cann's commercial operations.
- CSIRO, which is aimed at delivering improvements in cannabinoid isolation techniques and manufacturing processes, some of which have already been transferred into Cann's commercial operations, to improve production costs
- Monash Medicines Innovation Centre, where work on the development of novel formulations and new medicines is also progressing positively and will lead to the creation of pipeline assets and new IP...and
- Our collaboration with Olivia Newton-John Cancer Research Institute (ONJCRI), the La Trobe School of Cancer Medicine, and Austin Health in relation to a clinical trial to assess medicinal cannabis for symptom management in people with advanced cancer. Cann is supplying a locally grown and cultivated full spectrum cannabis extract for this trial.

In addition to this trial, Cann is also supporting a first of its kind study into severe Tourette's syndrome in children, which will be undertaken by the Murdoch Children's Research Institute located at Melbourne's Royal Children's Hospital. We are pleased to be participating in these trials as it is important that we continue to build a solid body of evidence via rigorously controlled clinical trials that support the use of medicinal cannabis in cancer treatment and in other indications.

All these projects represent important investments in the future value of our business and help us establish a commercial competitive advantage.

As we look to the current financial year, I am confident that we will deliver further important progress and complete a number of key milestones.

- Over coming months, we will see the practical completion of works at Mildura and see the establishment of our cultivation activity;
- We have scheduled TGA inspections to support the certification of the Mildura laboratory, extraction processes and the Satipharm manufacturing line;
- We will be underway with our S3 low dose CBD clinical trial program and registration activity – targeting an approval by the end of calendar year 2022; and
- We will build on the current momentum supporting our revenue growth with additional export supply contracts; higher sales of the Satipharm CBD capsule in UK and European markets, and a continued expansion of our domestic customer base.

As the Chairman noted, medicinal cannabis is increasingly becoming part of the mainstream healthcare sector as we see greater recognition of benefits across an expanded range of patient indications.

This brings significant opportunity for growth, but also responsibilities. Core to Cann's values and culture is to always operate in a compliant manner and in the best interests of all stakeholders, including patients. It is important that the industry continues to have the confidence of regulators, investors, patients and prescribers to ensure that the industry can operate in an efficient and flexible manner. Cann continues to work directly and with the industry's peak body – Medicinal Cannabis Industry Australia (MCIA) - to be a leader in the sector.

I would like to thank all our staff for their efforts in what has been a difficult environment. The hard work and commitment of our staff, management team and everyone involved in our operations is critical to our success.

Thank you also to our research partners, and the local contractors and international team members supporting the Mildura project.

And particularly I would like to thank shareholders for their interest, loyalty and support.

I can assure you that all of us at Cann remain very focused on the execution of our growth plans and generating more value in your company.

I'll now pass you back to our Chairman.

Authorised for release by the Board of Directors Cann Group Limited.

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