



## **MATERIALS FOR ANNUAL GENERAL MEETING**

**Melbourne, Australia, 15 December 2021** - Cronos Australia Limited (ASX:CAU, "Cronos Australia" or "Company") releases the attached presentation and Chairman's script that will be used at the 2021 Annual General Meeting of the Company's shareholders to be held at 3.30 pm today (Melbourne time) via Zoom videoconference.

**\*\* ENDS \*\***

## **About Cronos Australia Limited**

The vision of Cronos Australia is to become a leading health and wellness company in the Asia Pacific region through the creation and distribution of premium medical and consumer cannabinoid products and services. The Company's largest shareholder is Cronos Group Inc. (NASDAQ:CRON; TSX:CRON). Cronos Australia Limited is listed on the ASX (ASX:CAU).

- Cronos Australia distributes the Adaya and PEACE NATURALS™ ranges of medicinal cannabis products nationwide in Australia through medical practitioners via the Special Access Scheme and Authorised Prescribers.

See [www.adaya.co](http://www.adaya.co)

- Cronos Australia owns 75.5% of Cannadoc Health Pty Ltd, a medicinal cannabis clinic business that undertakes face-to-face and nationwide telehealth consultations with patients seeking access to medicinal cannabis.

See [www.cannadoc.com.au](http://www.cannadoc.com.au) and [www.cannadoc.co.nz](http://www.cannadoc.co.nz)

- Cronos Australia has established operations in Hong Kong and Japan for the development of ranges of cannabinoid brands and products and their distribution into global consumer markets. The current three ranges of products are Bathing Shed, FCTR and Saiph.

See [www.bathingshed.com](http://www.bathingshed.com), [www.getfctr.com](http://www.getfctr.com) and [www.saiphlife.com](http://www.saiphlife.com)

- Cronos Australia has a 50/50 joint venture with A&S Branding, the founders of Sukin Organic Skincare, for the development of CBD products for sale in domestic and export markets.

## **Authorised by**

Rodney Cocks, Chief Executive Officer and Executive Director

## **Contact**

### **Cronos Australia Limited**

Rodney Cocks

Chief Executive Officer & Executive Director

1300 799 491

[info@cronosaustralia.com](mailto:info@cronosaustralia.com)

## **Forward-looking statements**

This announcement may include forward-looking statements. These forward-looking statements are based on Cronos Australia's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Cronos Australia, which could cause actual results to differ materially from such statements. Cronos Australia makes no undertaking to update or revise the forward-looking statements made in this announcement to reflect any change in circumstances or events after the date of this announcement.

# CRONOS

A U S T R A L I A

Annual General Meeting  
Management Presentation  
Wednesday 15 December 2021

# CAU's operating context - A growing industry

FY21 was another year of significant growth for the Australian medicinal cannabis industry, with increased take up by clinicians and patients alike – and regulatory reform for increased access

SAS-B Approvals - November 2020 - October 2021



## FY21 Highlights

- **103% increase** quarter-on-quarter for the 12 months from November 2020 to October 2021
- Up to 31 October 2021, the TGA has approved over **180,000 SAS Category B** applications for unapproved medicinal cannabis products<sup>1</sup>
- Increase in number of **Authorised Prescribers** nationally
- Increased access through **non product specific** authorisations for Authorised Prescriber to prescribe **Schedule 4 and 8** medicinal cannabis products
- TGA announced registrations opened for down scheduled CBD products from Schedule 4 to Schedule 3 (**Pharmacist only, over the counter**)

# Significant growth, operational progress in FY21

Despite the impact of COVID-19, FY21 was a year of significant growth for Cronos Australia with key operational milestones also being delivered on

## Medical

- The Adaya medicinal cannabis range has developed a reputation with patients and clinicians as being **value priced, GMP quality** and **Australian grown and manufactured** (5 of the 7 products)
- 7 products in total with **5 oils** and **2 whole flower products**
- More products being added to Adaya range

**Adaya**



## Clinics

- Cannadoc continues to be a **leading cannabis clinic** for patients and an employer of choice for clinicians
- **Nationwide telehealth** clinical consulting services
- **Face to face** consults in Melbourne
- Partnership with Praxhub for **RACGP** accredited educational webinars for doctors



## Consumer

- Operations continue in **Japan and Hong Kong** with the launch and sales of three consumer ranges
- **Bathing Shed** – Containing. Premium Tas. Hemp Seed Oil
- **FCTR** (pronounced “factor”) – Sports performance and recovery CBD gel
- **Saiph** – Premium CBD range
- Work continues on registration of an **S3 product**

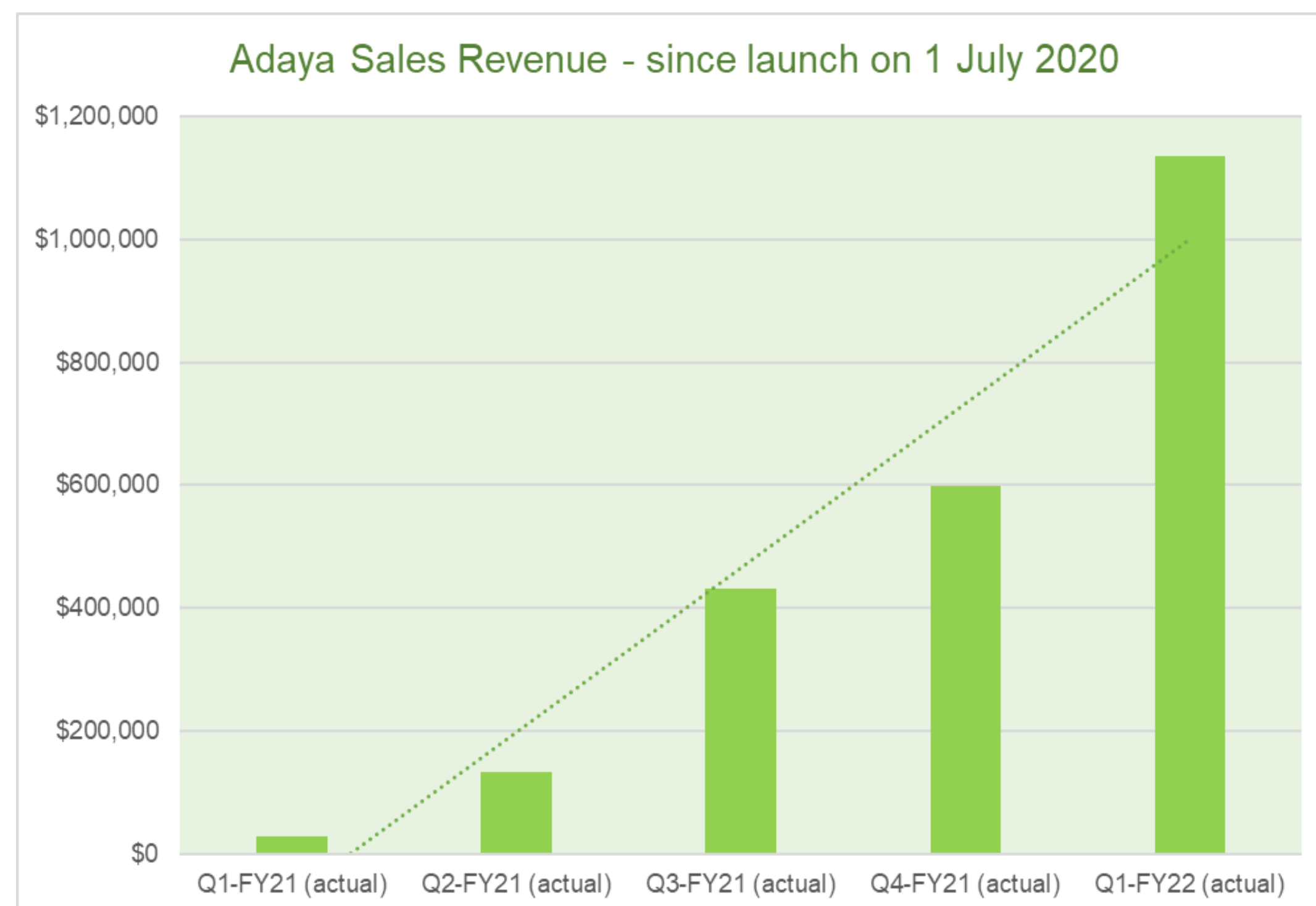




# Solid sales and financial outcomes in FY21

Adaya medicinal cannabis sales grew by an average of 179% Q-on-Q in the five quarters since the brand was launched in July 2020, contributing to an increase in total revenue Y-on-Y of 1,265%

## Adaya



A\$'000	FY20		FY21		Movement
Revenue					
Medical sales	12		1,212		↑
Clinic sales	112		471		↑
Consumer sales	0		9		↑
Total	124		1,693		+1,265%

Cash on hand at 30 September 2021 was **\$8.4 million** providing 10 quarters of cash runway

# CDA Health – an Australian market leader

Established in 2016, CDA has become a market leader in Australia, experiencing rapid growth since that time to generating \$21m+ in revenue for FY21 and generating a profit



CDA Health is a doctor-led group of companies that is **patient-focused to provide high-quality service and cannabis products**. CDA Health operates in the Australian and New Zealand medicinal cannabis industry, the Australian retail-ready food and nutraceutical products industries, and the Australian medical clinics industry



CANVIEW®

BHC operates a successful pharmacy and doctor online portal “**CanView**” which distributes over **120 different product SKUs** within Australia from some of the most well-known international and domestic producers. From June 2020 to September 2021:

- BHC has opened **2,169 pharmacy wholesale accounts**, and registered **561 doctor accounts**
- BHC has sold **194,561 medical cannabis products**

CDA  
CLINICS

CDA Clinics operates a successful network of clinics on the **Gold Coast, Brisbane and Sunshine Coast**, in addition to nationwide **telehealth** services. CDA Health also operates Cannabis Doctors Aotearoa Ltd, which imports medicinal cannabis products prescribed by doctors in New Zealand

- During FY21 CDA Clinics delivered more than **30,000 patient consultations**
- This resulted in over **33,000 prescriptions** being issued to eligible patients



Healthy Not High (HNH) is a retail-ready **hemp food and nutraceutical products company** that is based on the Gold Coast, and expands CDA Health's offerings into the growing hemp market in Australia. HNH aims for consumers to be able to access quality products from **Australian-grown hemp through retail outlets and online sales**



# CAU + CDA Merger – a game changer

The Cronos Australia + CDA merger is a game changer for both companies, with increased scope and scale of operations and a rapid route to profitability



Cronos Australia, as the merged group, will be

- Expanding the **scale and scope** of its offerings to existing and potential customers
- Expanding its business operations in the **medicinal cannabis** and **consumer markets** domestically and in **targeted international** markets (subject to prevailing legislation)
- Expanding **proprietary brands** and **product ranges** for the sale in key markets
- Pursuing **strategic acquisition opportunities** with a view to expanding its business activities into **high-growth markets** and enhancing its service offerings

Adaya



CANVIEW

CDA  
CLINICS





# Merged group proforma financials FY21

FY21 Proforma financials for the combined group show strong top line growth and a clear path to profitability in the near term

	2019	2020	2021
	\$	\$	\$
<b>Continuing operations</b>			
Revenue	574,325	4,655,790	23,186,498
Cost of sales	(140,062)	(2,578,172)	(15,612,837)
Gross profit	434,263	2,077,618	7,573,661
Other income	58,471	520,071	391,678
Expenses	(3,516,648)	(7,347,834)	(10,214,747)
Loss before income tax	(3,023,914)	(4,750,145)	(2,249,408)
Income tax benefit	40,542	(9,309)	(487,459)
Loss for the year	(2,983,372)	(4,759,454)	(2,736,867)
Other comprehensive income/(loss)	-	205	54,355
Total comprehensive loss	(2,983,372)	(4,759,249)	(2,682,512)

We look forward to updating the market further on our financial performance in the next Appendix 4C and Quarterly Activities Report for the December quarter 2021 and 2022 Half-Year Financial Report

# The Team - Ready to execute

We have assembled an experienced, commercially focussed team to execute on the strategy and create sustainable shareholder value over the long term

Experienced **Board** combining deep business development, sales, distribution, branding and regulatory expertise in the global cannabis industry



**Shane Tanner**  
Independent Non-Executive Chairman  
**MELBOURNE**

- Currently Chairman of **Paragon Care**
- Significant **strategy, transaction, health-care** experience



**Kurt Schmidt**  
Non-Independent Non-Executive Director  
**USA**

- **President and CEO** of Cronos Group
- Deep **consumer and FMCG** experience in North American, APAC and European markets including **Kraft Foods, Nestlé**
- **Campbell Soup Company** Board Member



**Dr Marcia Walker**  
Independent Non-Executive Director  
**NEW ZEALAND**

- General Practice **Doctor**
- Board member of the **New Zealand Medical Association**
- **Co-Founder** of numerous medical clinic businesses



**Rodney Cocks CSM**  
Executive Director  
Chief Executive Officer  
**MELBOURNE**

- **Co-Founder of CAU**
- Former roles at **Linfox, Boston Consulting Group**
- **Harvard Fellow**
- Former Victorian **Australian of the Year**



**Guy Headley**  
Executive Director  
Chief Commercial Officer  
**GOLD COAST**

- **Co-Founder of CDA**
- Deep **commercial and distribution** experience
- Construction and **project management** experience



**Dr Ben Jansen**  
Executive Director  
Chief Medical Officer  
**GOLD COAST**

- **Co-Founder of CDA**
- A **leading cannabis doctor**, educator and lecturer in Australia
- Deep **patient centric** approach



**Tom Howitt**  
Chief Financial Officer  
Company Secretary  
**MELBOURNE**

- Former CFO of **Global Kinetics Corporation, Genetic Technologies** and **Intermoco**
- **Chartered Accountant** and former **EY**



**Jessimine Jansen**  
Chief Operating Officer  
**GOLD COAST**

- Deep media production, business administration and **project management** experience
- Former roles at **EY, Sky Television**, and the **Commonwealth Games**

Commercial, execution-focussed **management team** to deliver the strategy and create value for shareholders

# CRONOS

A U S T R A L I A

[www.cronosaustralia.com](http://www.cronosaustralia.com)

ASX : CAU

# **Cronos Australia Limited**

## **Chairman's script for Annual General Meeting**

### **Wednesday, 15 December 2021**

Good afternoon ladies and gentlemen, and welcome to the 2021 AGM for Cronos Australia.

My name is Shane Tanner and I am the Chairman of the Company. We have a quorum present and I declare the meeting open. We have received no apologies.

Due to the limitations caused by Government Restrictions with respect to indoor gatherings and travel, today's meeting will be conducted virtually using the Zoom platform. Throughout the meeting, shareholders will have the opportunity to participate by asking questions and voting. If you wish to ask a question during the meeting, please press the "raise hand" button at the bottom of your screen and you will be prompted to unmute your microphone at the appropriate time. Alternatively, you may also use the Q&A panel at the bottom of your screen to submit a written question at any time. I would like to advise that this meeting is also being recorded.

First, may I introduce my fellow Directors and senior management team. On my right here in the office is Rodney Cocks, our Chief Executive Officer, and on my left is Tom Howitt, our Chief Financial Officer and Company Secretary. Online are our other Directors, Daniel Abrahams in Brisbane, Jason Adler in Los Angeles, Anna Burke in Melbourne and Mike Gorenstein in Miami.

Representatives from the Company's auditor, KPMG, are also present.

Unless there are any objections, I will proceed on the basis that the Notice of Meeting dated 12 November 2021 be taken as read. I confirm that I will exercise all undirected proxies given to the Chairman in favour of all resolutions.

This meeting will first consider the resolutions that are contained in the Notice of Meeting. After that, I will ask Rodney to give a presentation on the activities of the Company, following which you will have an opportunity to ask questions. Unless there are specific matters that need to be raised in relation to the items of formal business, I request that you reserve your questions until after you have listened to his presentation.

Before we move on, I want to sincerely thank my fellow Directors, management and staff for the hard work they have done since the previous AGM and, in particular, the significant amount of work that has been undertaken in relation to the Company's merger with CDA Health Pty. Ltd., which the shareholders will be considering today. I believe the Company's merger with CDA Health will deliver significant growth and opportunities for the combined group and increased value for all shareholders.

In accordance with ASIC guidelines, all votes at the meeting will be conducted by Poll.



## **Conducting a poll**

In respect of the poll, I will appoint the Company Secretary, Tom Howitt, to conduct the poll and be the returning officer. The poll will be conducted using the Zoom platform. When the poll is launched, you will see each resolution appear on your screen. Please cast your vote by clicking for, against or abstain on each resolution. Prior to the poll closing, you will be prompted to press submit.

Following completion of the poll, the submitted votes will be collected, and I will close the meeting while the votes are counted. Results of the poll will be released to the Australian Securities Exchange as soon as possible after the meeting.

## **Items of Ordinary Business:**

### **1. Consideration of financial statements**

The first item of business is to receive and consider the Company's financial report, directors' report and auditor's report for the year ended 30 June 2021. This item of business does not require a vote.

Does any shareholder wish to ask any questions or make any comments in this regard?

### **2. Remuneration Report**

The next item of business is Resolution A, being the adoption of the Remuneration Report for the Company for the year ended 30 June 2021.

I note for the record that members of the key management personnel whose remuneration details are included in the Remuneration Report (and any party closely related to those members) are not permitted to vote on a resolution to approve the Remuneration Report.

I now move that the Remuneration Report be adopted.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll. You do not need to press submit until you have finalised your vote for all of the resolutions.

### **3. Election of Shane Francis Tanner**

As this resolution relates to my re-election, I will hand the Chair to Rodney Cocks.

[RODNEY] Thank you Shane. The next item of business is Resolution B, being the election of Shane Francis Tanner as a Director of the Company.

Shane was appointed as a Director of the Company on 9 October 2018 and retires by rotation and, being eligible, seeks re-election as a Director of the Company at this AGM.

Shane has guided the Company as Chairman since its incorporation in September 2018, and I wholeheartedly support his re-election.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

#### **4. Appointment of auditor**

[RODNEY] I now return the Chair to Shane Tanner to address the next resolution.

[SHANE] Thank you Rodney. The next item of business is Resolution C, being the appointment of Pilot Partners as auditor of the Company.

The reasons supporting the change of auditors from KPMG to Pilot Partners have been detailed on pages 76 and 77 of the Notice of Meeting.

I confirm that ASIC has now provided its consent to the resignation of KPMG and KPMG has in turn tendered its resignation as the Company's auditor.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

### **Items of Special Business:**

#### **5. Approval of acquisition of maximum voting power by major CDA acquirers**

The next item of business is Resolution 1, being the first resolution relating to the merger with CDA Health. This resolution seeks the approval of the shareholders for the acquisition of new shares in the Company by the CDA Shareholders for the purposes of Chapters 6 and 2E of the *Corporations Act*.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

#### **6. Approval of the issue of shares to the CDA shareholders**

The next item of business is Resolution 2, being the approval of the issue of shares to the CDA shareholders under the Merger Implementation Agreement.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

## **7. Approval of the issue of shares under the Loan Conversion Deed**

The next item of business is Resolution 3, being the approval of the issue of shares to the Company's current major shareholder, Cronos Group, under a Loan Conversion Deed. If approved, the Company will issue a total of 15,176,065 shares to Cronos Group to fully extinguish the outstanding loan to the Company from Cronos Group and certain royalties owing under the Company's IP Licence from Cronos Group.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

## **8. Election of Guy Headley as a Director**

The next item of business is Resolution 4, being the election of Guy Headley as a Director of the Company. Guy is a co-founder of CDA Health and will also be appointed as Chief Commercial Officer of the Company following the completion of the merger.

Further details of Guy's experience and qualifications can be found in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

## **9. Election of Dr. Ben Jansen as a Director**

The next item of business is Resolution 5, being the election of Ben Jansen as a Director of the Company. Ben is a co-founder of CDA Health and will also be appointed as Chief Medical Officer of the Company following the completion of the merger.

Further details of Ben's experience and qualifications can be found in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

#### **10. Election of Dr. Marcia Walker as a Director**

The next item of business is Resolution 6, being the election of Marcia Walker as a Director of the Company. Marcia will serve as an independent Director and will Chair the Company's Audit and Risk Committee following the completion of the merger.

Further details of Marcia's experience and qualifications can be found in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

#### **11. Election of Kurt Schmidt as a Director**

The next item of business is Resolution 7, being the election of Kurt Schmidt as a Director of the Company. Kurt currently serves as President and Chief Executive Officer of Cronos Group and will serve as a non-independent Director and will Chair the Company's Nomination and Remuneration Committee following the completion of the merger.

Further details of Kurt's experience and qualifications can be found in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

#### **12. Approval of performance rights and options to Guy Headley**

The next item of business is Resolution 8, being approval for the granting of 1,000,000 performance rights and 4,500,000 options to Guy Headley, the terms of which are detailed in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

#### **13. Approval of performance rights and options to Dr. Ben Jansen**

The next item of business is Resolution 9, being approval for the granting of 1,000,000 performance rights and 4,500,000 options to Ben Jansen, the terms of which are detailed in the Notice of Meeting.



Details of the proxy votes received in respect of this resolution are set out on the screen.  
Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

#### **14. Approval of performance rights and options to Rodney Cocks**

The next item of business is Resolution 10, being approval for the granting of 1,000,000 performance rights and 4,500,000 options to Rodney Cocks, the terms of which are detailed in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen.  
Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

#### **15. Approval of performance rights to Shane Tanner**

As this resolution relates to the granting of securities to me, I will hand the Chair to Rodney Cocks.

[RODNEY] Thank you Shane.

The next item of business is Resolution 11, being approval for the granting of 1,000,000 performance rights to Shane Tanner, the terms of which are detailed in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen.  
Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

#### **16. Approval of performance rights and options to Jessimine Jansen**

[RODNEY] I now return the Chair to Shane Tanner to address the next resolution.

[SHANE] Thank you Rodney. The next item of business is Resolution 12, being approval for the granting of 1,000,000 performance rights and 4,500,000 options to Jessimine Jansen, the terms of which are detailed in the Notice of Meeting. Jess will be appointed as Chief Operating Officer of the Company following the completion of the merger.

Details of the proxy votes received in respect of this resolution are set out on the screen.  
Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

### **17. Approval of securities under the Equity Incentive Plan**

The next item of business is Resolution 13, being approval for the granting of securities under the Company's Equity Incentive Plan, the terms of which are detailed in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

### **18. Amendment to the Company's Constitution regarding the quorum for Board meetings**

The next item of business is Resolution 14, being approval to amend the Company's Constitution in relation to the quorum required for a Board meeting, the reasons for which are detailed in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

### **19. Amendment to the Company's Constitution regarding casting votes at Board meetings**

The next item of business is Resolution 15, being approval to amend the Company's Constitution to remove the casting vote held by the Chairman of the Company at Board meetings, the reasons for which are detailed in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

### **20. Approval of potential termination benefits**

The next item of business is Resolution 16, being approval of potential termination benefits that may be payable to Rodney Cocks, the terms of which are detailed in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

## **21. Approval of additional placement capacity**

The final item of business is Resolution 17, being approval of additional placement capacity under ASX Listing Rule 7.1A, details of which are included in the Notice of Meeting.

Details of the proxy votes received in respect of this resolution are set out on the screen. Are there any questions or comments?

As there are no [further] questions or comments, I put the motion to the vote.

Please enter your vote into the poll.

### **Conclusion**

As all business in the Notice of Meeting has now been conducted, I declare the formal part of the meeting closed.

Please note that you will still be able to cast any votes that you wish for a further five minutes from now, following which voting will close.

I would now like to call on the Chief Executive Officer, Rodney Cocks, to report on the operations of the Company and the merger with CDA Health, following which there will be an opportunity for shareholders to ask any questions they may have.

At the conclusion of the presentation, I will again open the floor for any final questions or comments.

### **Rodney's presentation**

Thank you, Rodney. Any final questions?

Again, thank you ladies and gentlemen for your attendance and, in closing the meeting, I would like to thank you again for your support of the Company.