

#### **FY22 FINANCIAL RESULTS PRESENTATION DECK**

**Melbourne, Australia, 29 August 2022** – Following the release earlier today of the Company's ASX Appendix 4E and 2022 Financial Report, Cronos Australia Limited (ASX:CAU) is pleased to release the attached presentation that will be used at the investor webinar that will be held at the time and date set out below at which key Executives will present the Company's 2022 financial results.

Time and date: Wednesday, 31 August 2022 at 12.00 noon (Melbourne time)

Link: <a href="https://webcast1.boardroom.media/watch-broadcast.php?id=6306fb404eb69">https://webcast1.boardroom.media/watch-broadcast.php?id=6306fb404eb69</a>

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#### About Cronos Australia Limited (ASX: CAU)

Cronos Australia Limited is listed on the ASX (ASX: CAU).

- Cronos Australia's wholly-owned subsidiary, CDA Health Pty Ltd, operates the following businesses:
  - CanView the Group operates a successful pharmacy, doctor and patient online portal, CanView, which distributes over 160 different product SKUs within Australia from more than 25 of the most well-known international and domestic producers
  - CDA Clinics the Group operates a successful network of clinics on the Gold Coast, Brisbane and Sunshine Coast, in addition to nationwide telehealth services
- 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.canview.com.au www.cdahealth.org www.cdaclinics.com.au www.burleighheadscannabis.com www.cannadoc.com.au

#### **Authorised by**

Rodney Cocks, Chief Executive Officer and Executive Director

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#### 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.

## FY22 Results Presentation

## Monday 29 August 2022

- ASX Appendix 4E
- Declaration of Fully Franked Dividend





# Investment Highlights

## Outstanding growth in FY22, extremely well positioned for FY23

Market leading, profitable, and rapidly growing medicinal cannabis company with a deep moat around the CanView platform



- Outstanding growth in FY22
  - FY22 revenue of \$67.0m (208% YoY growth)
  - FY22 EBITDA of \$10.5m (390% YoY growth)
  - FY22 NPAT of \$6.0m (324% YoY growth)
  - Cash at Bank 30 June 2022 **\$16.1m**

#### Market leading medicinal cannabis platform

- CanView enables the regulatory compliant prescription, sale and distribution of medicinal cannabis products through its automated, Al enabled and scalable technology platform
- Launched in 2020 the CanView platform is becoming the industry standard for doctors, patients, pharmacies and suppliers

#### Strong market growth continuing

- Active medicinal cannabis patients have grown from near zero in 2018 to over 100,000 in 2022<sup>1</sup>
- Australian medicinal cannabis market forecast to exceed \$400m by end CY22 (up from \$230m in CY21)<sup>1</sup>

## **Fully Franked Dividend Declared**

- 1.0c fully franked dividend declared
- Shareholders invited to participate in a DRP at a 3% discount to 10-day VWAP
- **Record date** 19 September 2022
- o Payment date 11 October 2022
- o The only ASX listed medicinal cannabis company to declare a dividend to date

## Deep competitive advantages

- CanView's competitive advantage
  - 700+ registered prescribers
  - ~7,000 registered patients
  - 2,800+ pharmacies (~50% of all nationally)
  - 160+ branded products from 25+ leading suppliers

#### Substantial growth opportunity

- o Growth Strategy:
  - Phase 1 (Complete) National footprint of registered prescribers, pharmacies, patients established on CanView platform
  - Phase 2 (FY23 & beyond) Cronos' expanding team of medical science liaisons to target low penetration regions across Australia

Based on current sales and growth, revenue for FY23 is likely to exceed \$100m

# FY22 Financial Highlights

## Strong results, 200%+ growth across all financial metrics

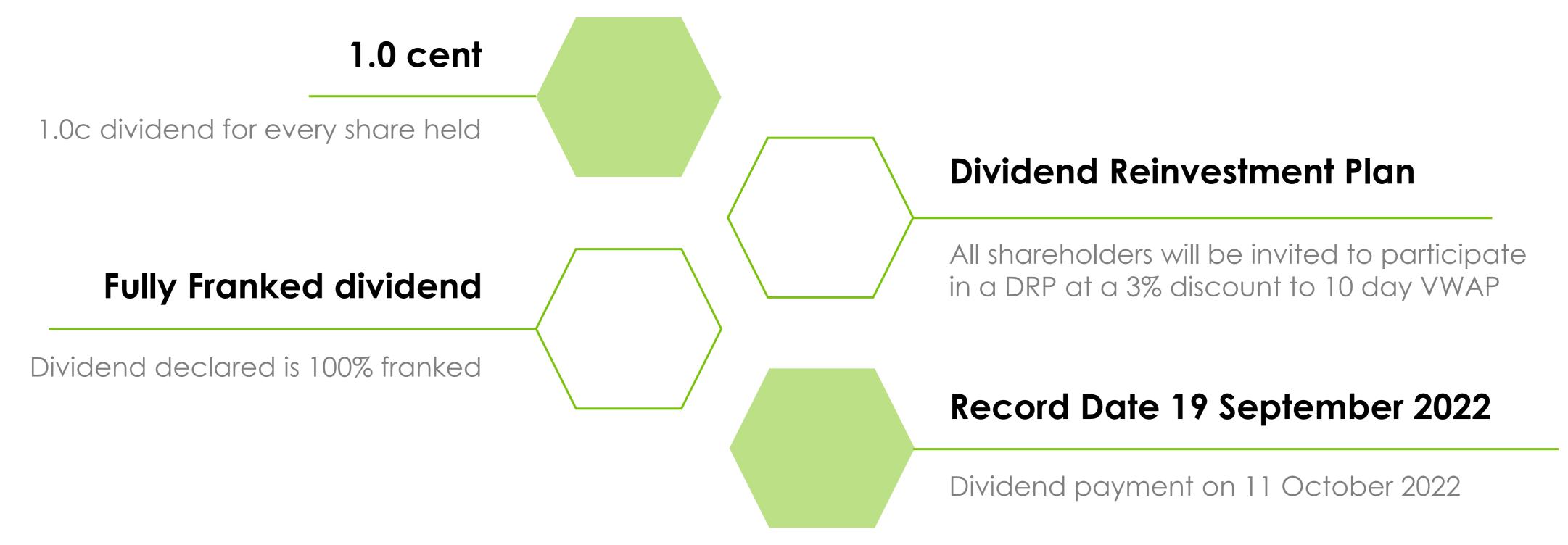
Cronos Australia has delivered strong financial results in FY22, growing in excess of 200% on all financial metrics and positioning the Company for sustainable, scalable growth into FY23 and beyond

	FY2022	Movement	FY2021
Revenue	\$67.0 million	208%	\$21.7 million
Gross profit	\$25.4 million	282%	\$6.7 million
EBITDA	\$10.5 million	390%	\$2.1 million
Net profit after tax	\$6.0 million	324%	\$1.4 million
Net operating cashflows	\$13.5 million	1164%	\$1.1 million
Cash at bank	\$16.1 million	673%	\$2.1 million

- Q4 FY22 cash receipts of \$23m annualising at \$92m
- Cash of \$16.1m at 30 June
   2022 with no debt
- FY22 average gross margins of between 35% to 40% across product range

# Declaration of Fully Franked Dividend and DRP

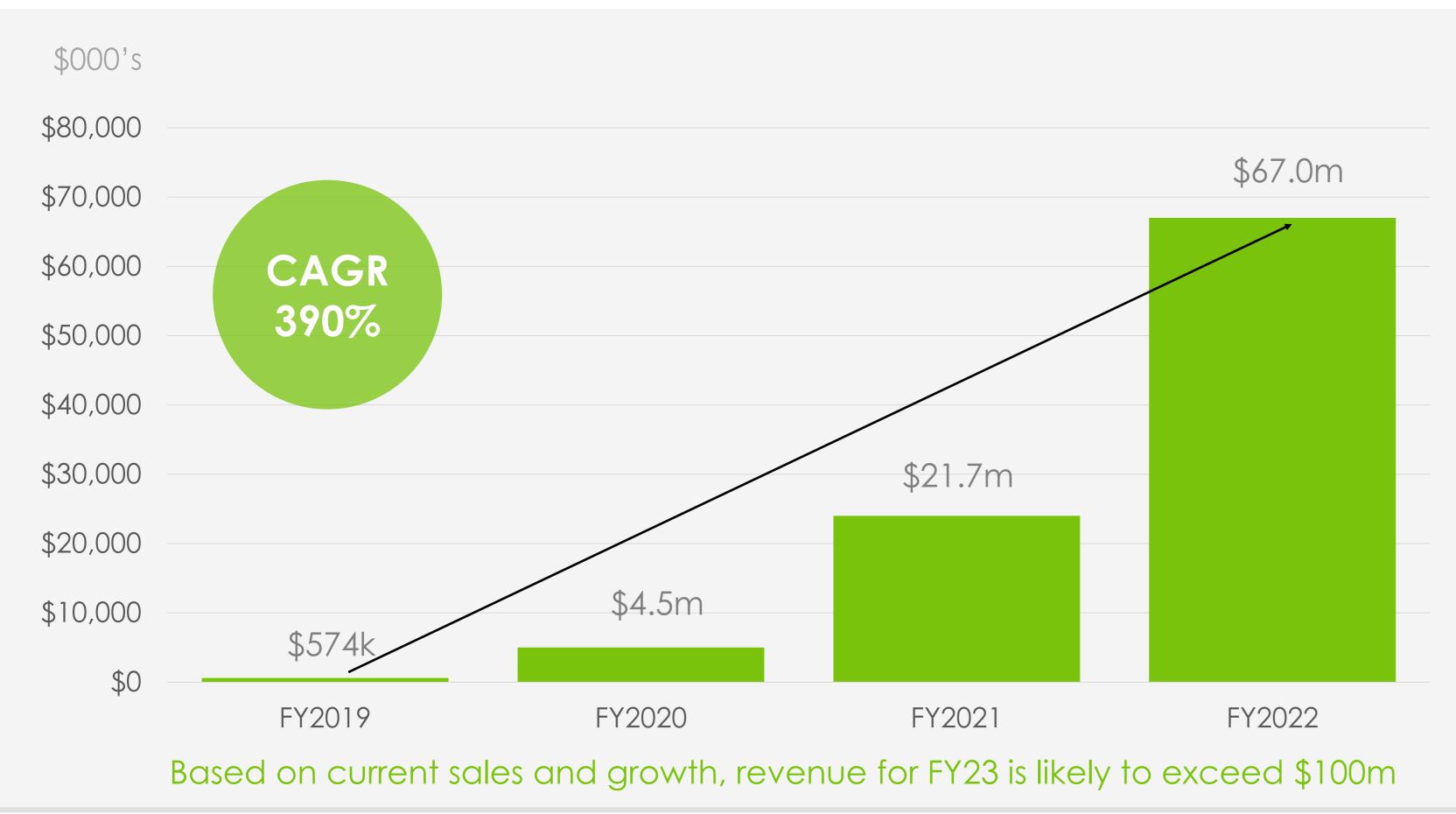
Another first for Cronos Australia, the only ASX listed medicinal cannabis company to deliver a profit and now, the first ASX listed medicinal cannabis company to declare a dividend



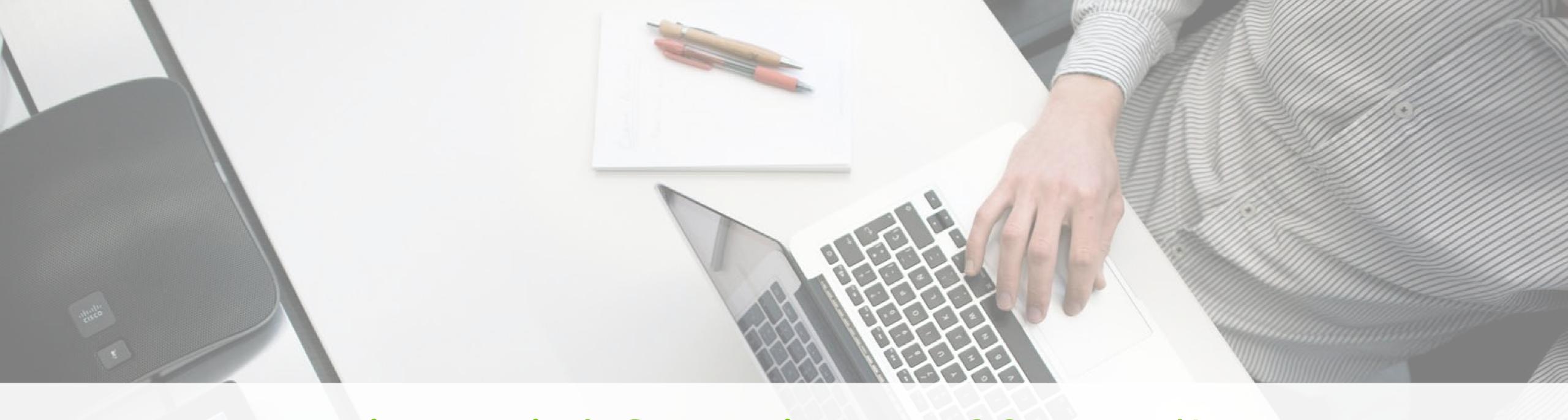
The Board of Cronos Australia will look to assess the payment of any future dividends with a capital management framework alongside other potential investment and growth opportunities which may be available to the Company, with a view to maximising value for shareholders

# Significant revenue growth has continued since FY19

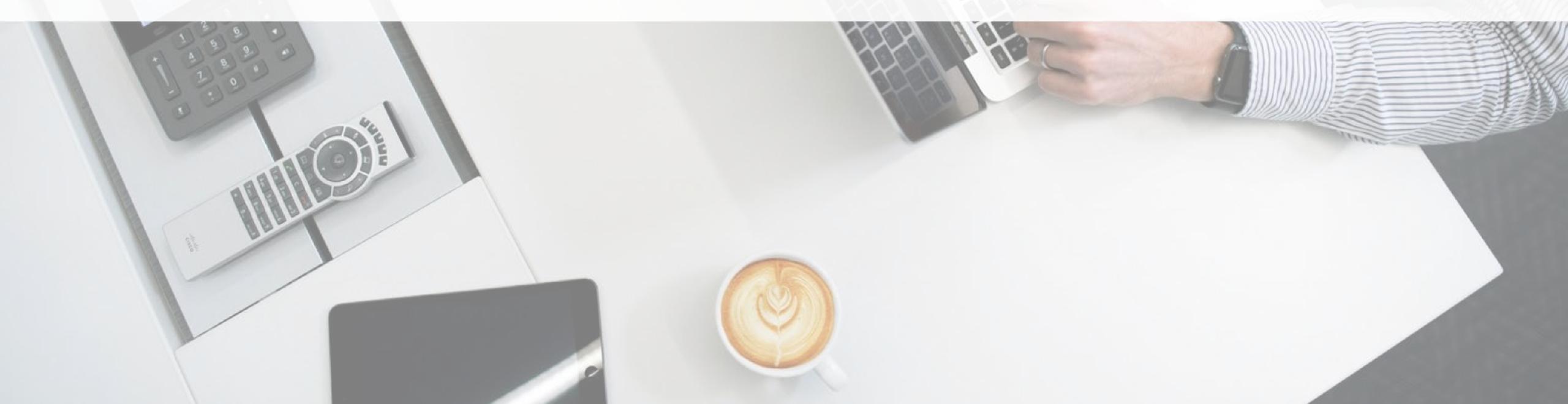
Revenue for FY22 is \$67.0m achieving a 390% CAGR since FY19, the Financial Year CanView was launched



- Sales continue to grow as more prescribers and suppliers are onboarded driving volumes through the CanView platform
- This growth is driven by both the increase in size of the medicinal cannabis market, but importantly more volume of prescriptions scripts being directed through CanView by prescribers and pharmacies
- The network effect on the platform compounds as more users are onboarded, which we expect to accelerate with the full roll out of the CanView 2.0 functionality
- This revenue is being achieved with an estimated 2.2% of all Australian GPs on the CanView platform



# Financial Overview FY22 Results



# Income statement - strong growth and profitability

	<b>30 June 2022</b> \$'000s	<b>30 June 2021</b> \$'000s
Continuing operations		
Revenue	66,992	21,712
Cost of sales	(41,565)	(15,056)
Gross profit	25,427	6,656
Other income	264	216
Accounting, tax and audit fees	(400)	(84)
Administration expenses	(1,995)	(1,118)
Finance costs	(441)	(28)
Legal and regulatory expenses	(446)	(17)
Personnel expenses	(12,135)	(3,262)
Sales, marketing and distribution	(529)	(475)
Profit before income tax	9,745	1,888
Income tax expense	(3,732)	(470)
Profit for the year	6,013	1,418
Other comprehensive income/(loss)	(132)	
Total comprehensive profit for the year	5,881	1,418

- Total revenue fior FY22 at \$67.0m, representing 208% year-onyear growth
- Based on current sales and growth, revenue for FY23 is likely to exceed \$100m
- EBITDA of \$10.5m achieved in FY22 with year-on-year growth of 390%
- FY22 average gross margins of between 35% to 40% across product range, with levers available to maintain or increase margins in future
- Personnel costs include \$2.5m of non-cash costs that will reduce materially in FY23
- Recoupment of tax losses to reduce income tax expense of \$3.7m to a tax payable amount of only \$1.7m

# Balance sheet - robust financial position

ASSETS	<b>30 June 2022</b> \$'000s	<b>30 June 2021</b> \$'000s
Current assets		
Cash and cash equivalents	16,077	2,079
Trade and other receivables	5,759	2,180
Inventories	5,030	3,101 164
Other assets	721	
Total current assets	27,587	7,524
Non-current assets		
Property, plant and equipment	624	218
Right-of-use assets	4,961	690
Intangibles assets and goodwill	7,158	157
Deferred tax assets	1,938	76
Other assets	598	138
Total non-current assets	15,279	1,279
Total assets	42,866	8,803

	<b>30 June 2022</b> \$'000s	<b>30 June 2021</b> \$'000s
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	9,557	3,369
Interest-bearing liabilities	489	182
Current tax liabilities	1,662	542
Employee benefit provisions	463_	198
Total current liabilities	12,171	4,291
Non-current liabilities		
Interest-bearing liabilities	4,571	536
Employee benefit provisions	50	13
Total non-current liabilities	4,621	549
Total liabilities	16,792	4,840
Equity		
Share capital	22,776	3,677
Reserves	(3,149)	(141)
Retained earnings	6,474	427
Non-controlling interests	(27)	
Total equity	26,074	3,963
Total liabilities and equity	42,866	8,803

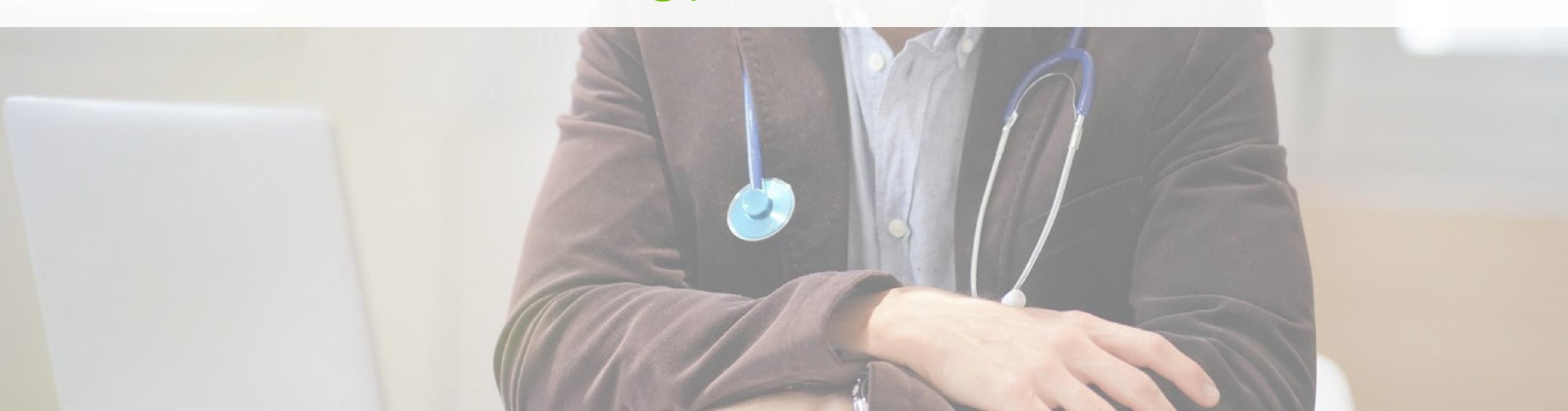
- In excess of \$16m of cash
- Apart from standard leases, CAU has no material debt
- Net tangible assets of more than \$18.9m, up 400%
- Inventory turn improved during FY22 from 7x to 10x
- Goodwill of \$6.5m relates to merger with CDA Health
- Tax liability of \$1.7m reflects tax loss recoupment

# Cash flow statement - growing positive cashflows

	<b>30 June 2022</b> \$'000s	<b>30 June 2021</b> \$'000s
Cash flows from/(used in) operations		
Receipts from customers	69,607	20,204
Payments made to suppliers and employees	(55,473)	(19,217)
Interest received	8	-
Income tax paid	(541)	(3)
Interest and other finance charges paid	(96)	-
Receipts from Government schemes		84
Net cash flows from/(used in) operations	13,505	1,068
Cash flows from/(used in) investing		
Cash acquired on merger with CDA Health	2,466	-
Proceeds from sale of medical clinic	219	-
Purchases of plant and equipment	(365)	(175)
Payment of security deposits and intangibles	(323)	(84)
Payment for buyout of interests		(220)
Net cash flows from/(used in) investing	1,997	(479)
Cash flows from/(used in) financing		
Payment of transaction costs	(1,186)	(2)
Lease payments	(318)	(127)
Proceeds from the issue of shares	-	337
Repayment of borrowings		(252)
Net cash flows from/(used in) financing	(1,504)	(44)
Net increase in cash and cash equivalents	13,998	545
Cash and cash equivalents at the start of the year	2,079	1,534
Cash and cash equivalents at the end of the year	16,077	2,079

- o Receipts from customers grow year-on-year by 245%
- Net cash flows from operations exceed \$13.5m, up 1,164% on FY21
- Receipts from customers exceed total revenues by \$2.6m demonstrating strong working capital management
- \$2.5m of cash acquired on merger with CDA





## The Team

## Strategy and execution focused

We have assembled an experienced, commercially-focused 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 healthcare and medicinal cannabis industry. Commercial, execution-focused **management team** to deliver the strategy and create value for shareholders.



Dr Marcia Walker
Interim Chairperson
Independent NonExecutive Director
AUCKLAND

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



Dr Ben Jansen
Non-Executive Director
GOLD COAST

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



Rodney Cocks CSM
Executive Director &
Chief Executive
Officer
MELBOURNE

- Co-Founder of CAU
- Former roles in PE, Linfox,
   Boston Consulting Group
- Former Victorian
   Australian of the Year
   and Harvard Fellow



Guy Headley
Executive Director &
Chief Commercial
Officer
GOLD COAST

- Co-Founder of CDA
- Significant commercial and distribution experience
- Chair of industry body
   Emerging Therapeutics
   Association of Australia



Tom Howitt
Chief Financial Officer &
Company Secretary
MELBOURNE

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



Ray Deetlefs
Chief Operating
Officer (acting)
GOLD COAST

- Executive experience in healthcare, telecommunications and education
- B2B and B2C entrepreneurial experience in early learning sector

# Strategic Priorities in FY23 to Deliver Growth

Building on a successful FY22, the team has clear strategic priorities for execution to deliver growth in the scope and scale of the company and drive financial results.

## Growth Strategy Phase 1 – FY22

- ACHIEVED 2800+ pharmacies (~50%+ of all pharmacies) in Australia are registered on CanView
- ACHIEVED Based on current sales and growth, revenue for FY23 is likely to exceed \$100m
- ACHIEVED 700+ prescribers or 2.2%<sup>1</sup> of all GPs in Australia are registered on CanView
- ACHIEVED ~7,000 patients are registered on CanView
- o ACHIEVED FY22 \$67.0m revenue
  - FY22 \$10.5m EBITDA and FY22 \$6.0m NPAT
- ACHIEVED Proven team of 9 MSLs to deliver growth
- ACHIEVED Strong balance sheet as at 30 June 2022

## Growth Strategy Phase 2 – FY23

#### Primary targets for FY23

- Onboarding prescribers against ambitious targets still 97.8% of GPs still to be potentially onboarded and a significant number of specialists<sup>1</sup>
- Cronos' 9 MSLs located across the country will target individual GPs and clinic group to drive prescriber numbers
- o Plans to increase team by up to 50% to drive growth

#### Data driven sales and engagement strategy

- Developed for FY23 which targets areas of opportunity to onboard prescribers
  - Underserved areas identified in capitals and regions
  - Engagement will also include online and face to face education events
- Onboarding of prescribers will drive patient and product sales growth

## We are an Australian market leader

Backed by a market leading business model, financial strength and a large addressable market, Cronos Australia is well positioned for further growth in FY23.

- Cronos Australia has delivered outstanding, profitable growth in FY22 with \$67m of revenue that generated \$10.5m in EDITDA
- We operate in a large and rapidly growing Australian medicinal cannabis market, with sales of medicinal cannabis products market forecast to approach \$500m by end CY22<sup>1</sup>
- We operate a market leading tech platform, CanView, with an ambitious FY23 growth strategy to onboard more prescribers from a relatively untouched market to drive further growth
- o Our **nationwide clinic businesses** integrate with, and support, CanView to onboard additional patients to the platform
- o There is a deep competitive moat around our business model, with a dominant market position, 700+ prescribers, 2,800+ pharmacies and ~7,000 patients onboarded to CanView
- We have an aligned board and management, with proven execution capability to delivery on the strategy





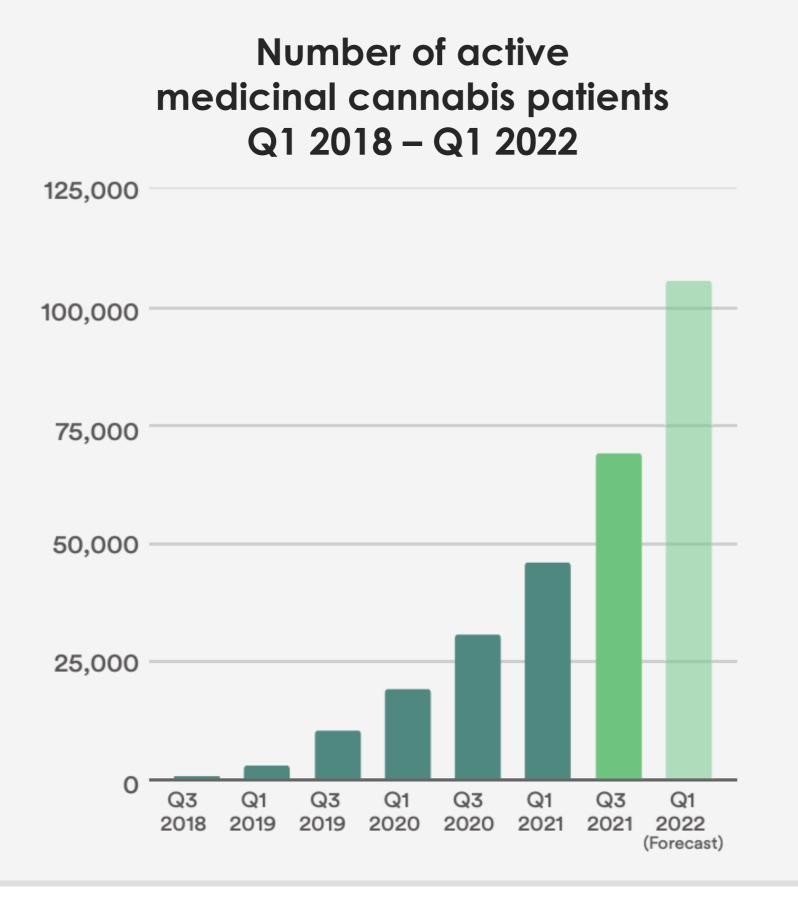


CanView - Australia's largest and most trusted medicinal cannabis marketplace

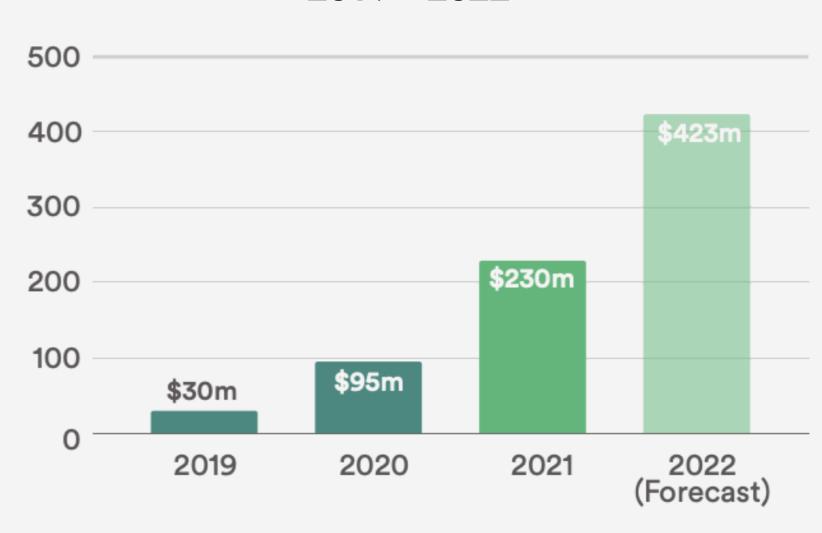


# The market we operate in is large and growing rapidly

The medicinal cannabis market continues to grow rapidly in Australia, as cannabinoid therapies become mainstream for patients, doctors and pharmacists.



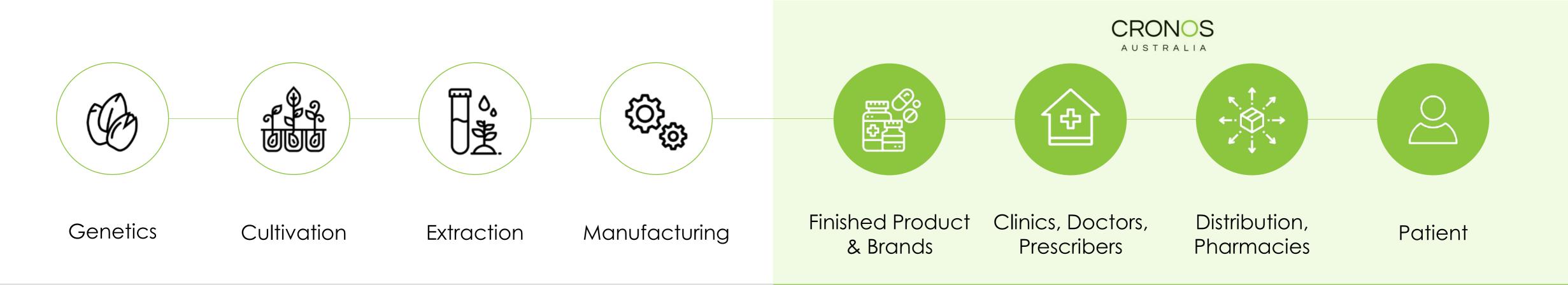
# Australian medicinal cannabis revenue 2019 - 2022



- 1. FreshLeaf Analytics Australian Industry Model
- 2. FreshLeaf Analytics Priding & Patient Model
- 3. www.tga.gov.au/medicinal-cannabis-role-tga

# We operate at the downstream end of the value chain

Cronos Australia is focused on the high value, downstream end of the value chain for sustainable long-term growth and profitability



## Challenges of being upstream in the value chain

- Many participants in a crowded market
- Large CAPEX and OPEX spends required to operate and scale upstream business models
- Significant execution risk
- Pricing pressure from low cost jurisdictions globally
- Aggressive competition putting pressure on margins

## Benefit of being downstream in the value chain

- Asset light business model
- Proprietary tech that can be scaled significantly
- Relatively low CAPEX and OPEX cost to scale
- Model can be exported and used for other products
- Highly cash generative business

## What we do

## Laser focussed on the platform, products and clinics

Cronos Australia delivers medicinal cannabis prescription, sales and distribution services for doctors, pharmacies and patients throughout Australia.



#### Platform and Products – CanView

- We operate Australia's largest medicinal cannabis marketplace, CanView, that is an online ecosystem for prescribing, ordering, dispensing and education
- o More than 25 suppliers and brands trust CanView for the prescription, sale and distribution of their products, with nearly 700k units being sold through CanView to date
- We sell more than 160 SKUs, including medicinal cannabis oil and whole flower products

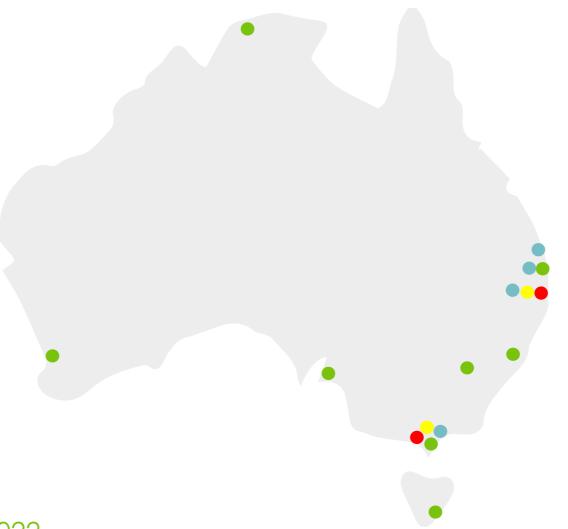
## CDACLINICS



#### Clinics – CDA Clinics and Cannadoc

- We operate CDA Clinics that offers nationwide telehealth services and, face to face consults on the Gold Coast, Brisbane and the Sunshine Coast
- We operate Cannadoc that offers nationwide telehealth services

- CDACLINICS
- **canna**doc
- Business Support Office
- CanView Distribution Centre
- Medical Science Liaison coverage



- √ 700+ Prescribers Nationwide in all states and territories
- √ 2,800+ Pharmacies Nationwide in all states and territories
- ✓ Medical Science Liaison Coverage Nationwide in all states and territories
- √ 100+ team members, right sized to enable growth

## The CanView Platform

The CanView platform facilitates all aspects of the medicinal cannabis ecosystem for patients, prescribers, pharmacists and suppliers.

#### **Referred Patient**

Patient books a Prescriber appointment via CanView in person or via Telehealth

#### **Medicinal Cannabis Product**

Treatment commences, and patient books follow up consultation via CanView

# 5 CANVIEW

4

## CanView Registered Doctor

**Doctor** sends prescription, via CanView to any of CanView's 2800+ pharmacies

#### **CanView Distribution**

CanView platform facilitates delivery of medicinal cannabis **product** to pharmacy

## CanView Registered Pharmacy

Pharmacy orders prescribed product via CanView platform

## CanView for Patients



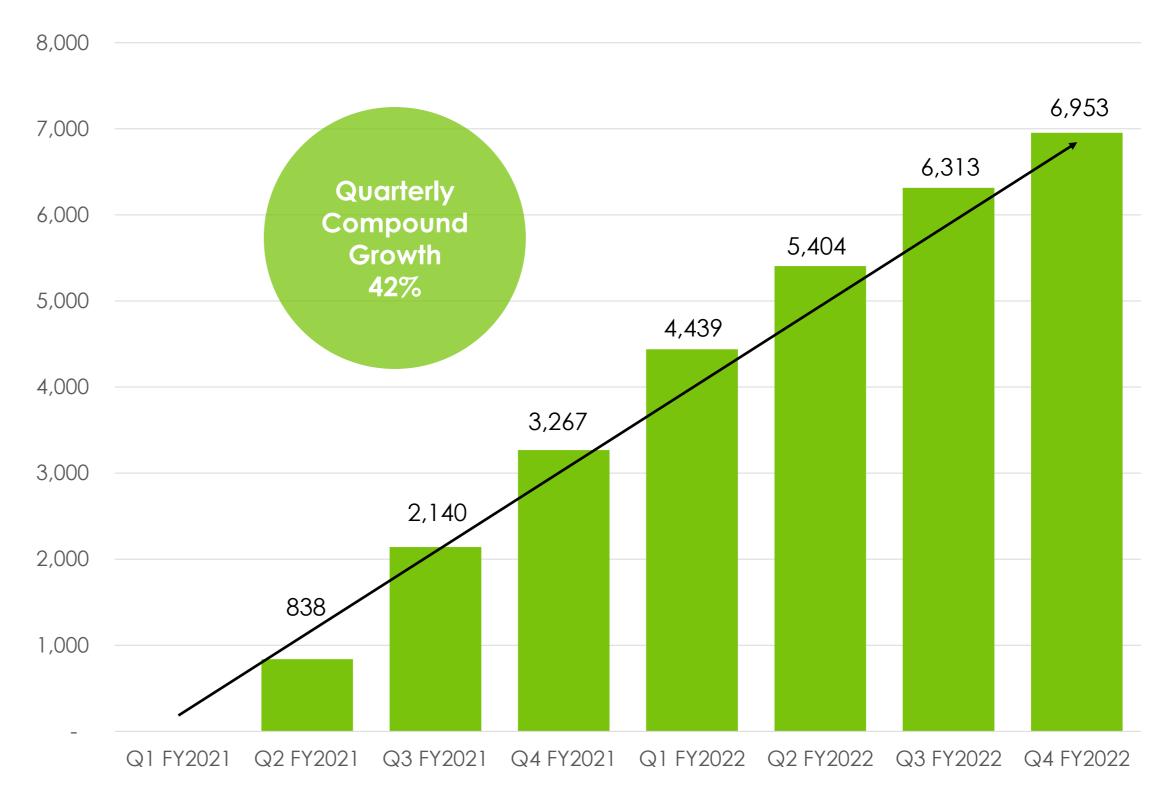
CanView solves multiple problems for patients that were previously impossible, or very difficult to achieve, without the platform

# The number of Patients on CanView has grown significantly with 42% quarterly compound growth

## CanView provides patients with solutions

- Feedback from Patients has focussed on the disjointed, slow nature of obtaining medicinal cannabis
- Lack of transparency and information has hampered patients in their journey to obtain products
- Patients can use the portal or app to order repeats,
   track product deliveries and provide clinical feedback

## Cumulative patients registered on CanView Q1 FY2021 – Q4 FY2022



## CanView for Prescribers



Based on feedback, CanView makes prescribing for medical practitioners streamlined and underpins their compliance obligations for regulators, including AHPRA and the TGA

# Quarter on quarter the number of Prescribers grew at a compound rate of 35% to 700+ (only 2.2% of GPs)

## CanView provides Prescribers with solutions

- Compliance is a key issue for prescribers they are regulated by AHPRA and the TGA
- CanView underpins efficiency of the prescribing process to deliver optimal patient outcomes
- CanView retains the prescribing documents for compliance purposes while integrating to all major practice management software systems
- o Prescribers can generate scripts/escripts within CanView

# Cumulative prescriber accounts on CanView Q1 FY2021 – Q4 FY2022



## CanView for Pharmacies



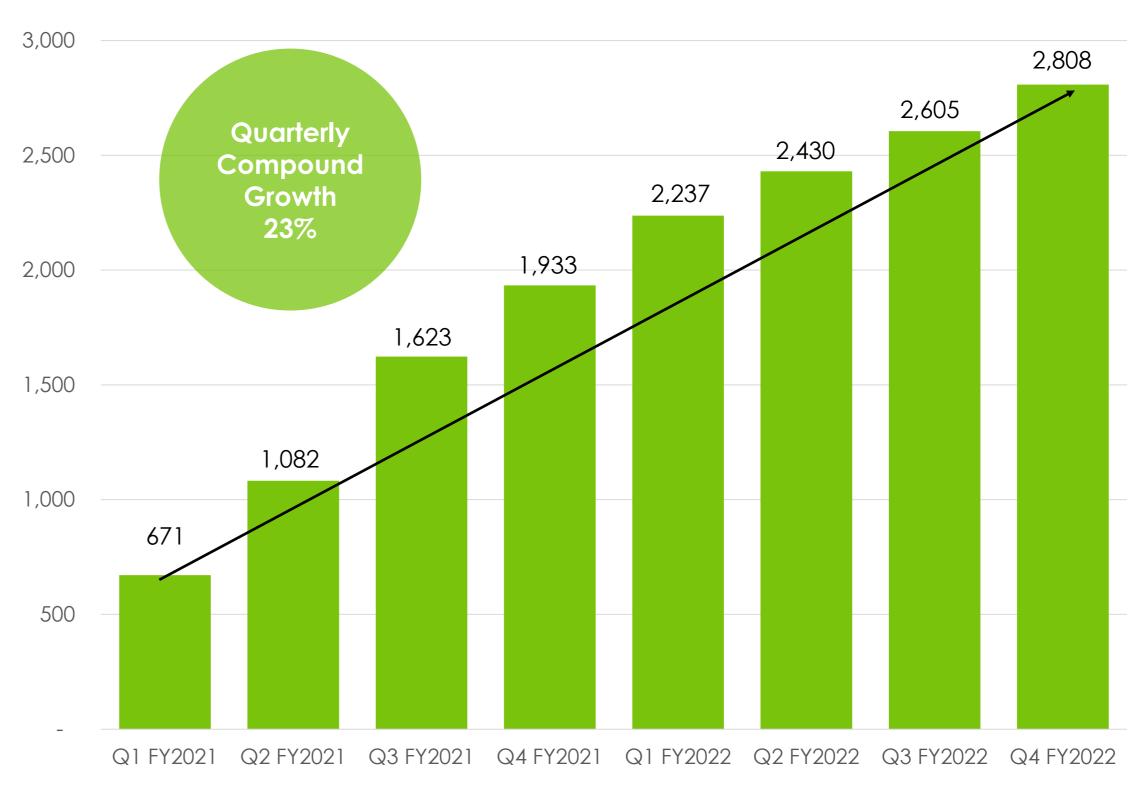
CanView has integrated significant feedback from pharmacies, which saves them time, delivers on compliance and makes dispensing extremely efficient

# CanView has onboarded approximately 2,800 Pharmacies in Australia or 50% of the market

## CanView provides pharmacies with solutions

- Compliance is a key issue for pharmacies as dispensing is completed on approval paperwork that can be retained in the platform dispensing and repeats
- CanView integrates with major dispensing software systems for efficient operation within busy pharmacies
- Real time inventory insight is available for pharmacies
- Using CanView, pharmacies can dispense more products, in a shorter time with compliance confidence

## Cumulative pharmacy accounts on CanView Q1 FY2021 – Q4 FY2022



# CanView for Suppliers



Rather than waiting for monthly updates, CanView provides suppliers with real time data, transparency and forecasting insight

# More than 25 leading suppliers are onboarded on Canview, with unit sales growing at a quarterly compound rate of 42%

 To date nearly 700k units have been ordered through CanView, with 165k in the most recent quarter

## CanView provides suppliers with solutions

- Transparency of inventory and sales insight is a key issue that suppliers have struggled with
- CanView provides real time inventory and sales data that is actionable insight for forecasting and manufacturing
- Numerous suppliers on CanView have seen a significant increase in unit sales based on the platform's network effect

## Quarterly unit sales through CanView Q1 FY2021 – Q4 FY2022



# Australia's leading suppliers have partnered with CanView

CanView is trusted by Australia's leading suppliers to sell and distribute the widest range of medicinal cannabis products available.





















































Highly rigorous process to select and onboard suppliers onto the platform, the criteria assessed includes -

Consistency and continuity of product supply

Investment in medical science liaison teams

Strict product quality standards

Dedicated help desk in supplier company

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You are cautioned not to place undue reliance on any forward-looking statement. While due care and attention has been used in the preparation of forward-looking statements, forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions. Forward looking statements should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Cronos Australia. A number of important factors could cause the actual conduct, results, performance or achievement of Cronos Australia to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. Cronos Australia disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

The forward-looking statements are based on information available to Cronos Australia as at the date of this Presentation. Except as required by law or regulation, Cronos Australia undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

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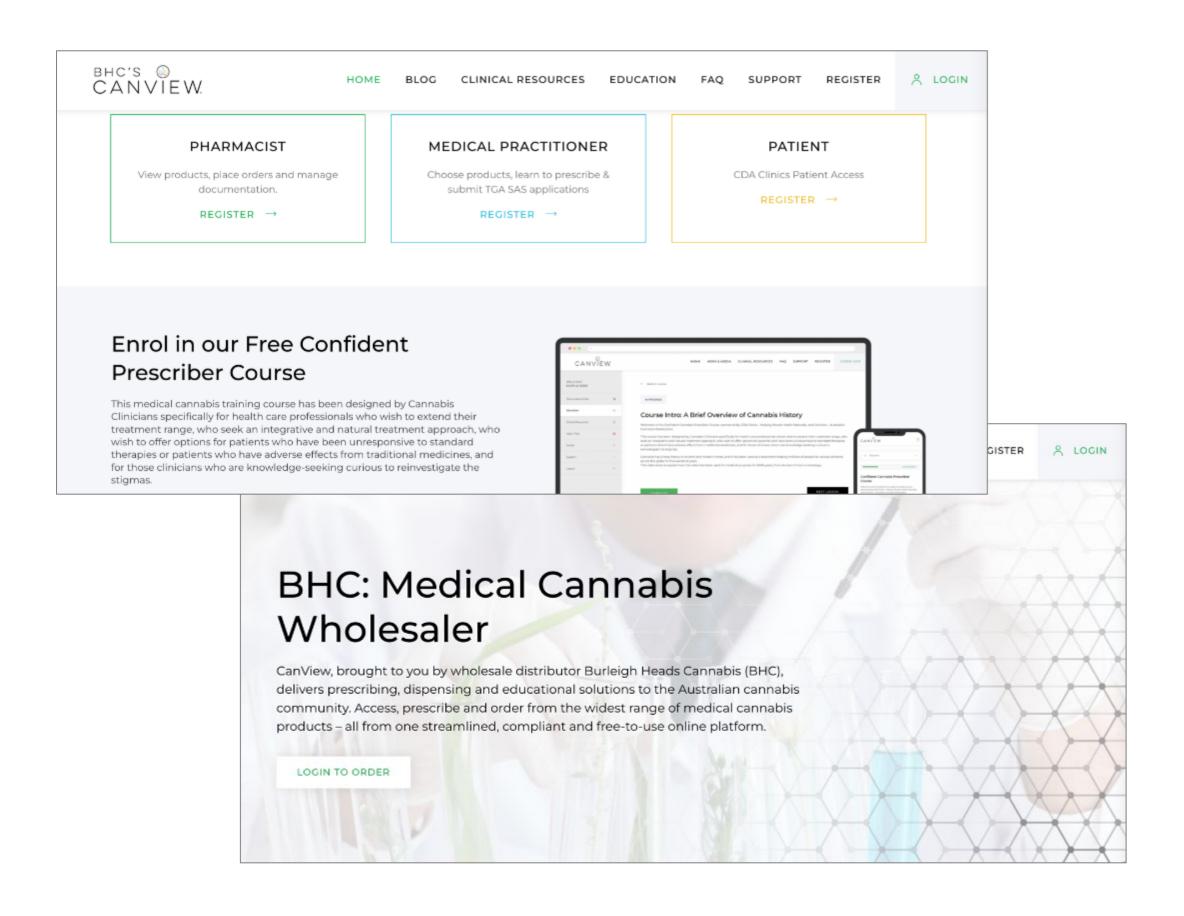
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## APPENDIX 1

## CanView Overview and Benefits

CanView is leveraged by doctors, pharmacies and patients – underpinning access, the patient experience and compliance.





Free to use | The platform is free for all users to register and use

**Compliance** | Built in compliance processes for all users to fulfil their obligations with regulatory agencies

160+ SKUs | CanView has the largest product range in Australia

**Education** | Free 2.5 hour confident cannabis prescriber proprietary course available on the platform

Live Support | Dedicated and experienced customer support team for patients, prescribers, pharmacists and suppliers

Free Express shipping | Same day dispatch if ordered before 1pm from Melbourne or Gold Coast DC

**Distribution Coverage** | All states and territories

Business continuity | Suppliers have stock held in two locations

Al | Enabled to underpin user experience and compliance

