

CANN
GROUP LIMITED
ASX ANNOUNCEMENT

25 November 2022

Shareholder update

25 November 2022 – Melbourne-based Cann Group (**Company**) is pleased to invite shareholders, investors and interested parties to today's investor update webinar and Q&A with CEO, Peter Crock and COO, Shane Duncan.

The webinar will be held **today, Friday 25 November 2022 at 12pm** (Melbourne time).

The webinar, which is to be hosted by Port Jackson Securities, will provide an overview of the Australian medicinal cannabis industry and what Cann Group is doing to leverage key market trends including:

- Growing demand for high quality dried flower and oil products
- Over-the-counter access to cannabidiol (CBD)
- Upcoming regulatory changes that will impose higher quality standards on imports

Register for the webinar at the following link:

<https://register.gotowebinar.com/register/288030692235613197>

For the Q&A session, investors are invited to send questions in advance to:

enquiries@portjacksonsecurities.com

A copy of the Company's presentation for today's update is attached.

Authorised for release by Deborah Ambrosini, Company Secretary, Cann Group Limited.

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About Cann Group

Cann Group Limited (ABN 25 603 949 739) is enhancing patients' lives by developing, producing, and supplying innovative cannabis medicines. The Company has built world-class research, cultivation and GMP manufacturing facilities in Melbourne, and a state-of-the-art large-scale cultivation and GMP manufacturing facility near Mildura, Victoria. Cann Group supplies a range of dried flower and oil products, as well as active pharmaceutical ingredients and extracts, to customers in Australia and around the world. Cann Group also owns Satipharm and its patent-protected capsule technology.

Learn more at: www.canngrouponlimited.com | www.satipharm.com



Cann Group

Port Jackson Securities webinar

November 2022

Cann Group Limited
ABN 25 603 949 739

CANN
GROUP LIMITED

Disclaimer | Important notice

This presentation (Presentation) has been prepared by Cann Group Limited (ABN 25 603 949 739) (Cann).

Summary information

This Presentation contains summary information about Cann and its activities which is current as at the date of this Presentation. The information provided in this Presentation pertaining to Cann and its business assets, strategy and operations is for general informational purposes only.

Future performance

This Presentation contains certain 'forward looking statements', including but not limited to projections, guidance on future revenues and other potential synergies and estimates about the future performance of Cann. Forward looking statements can generally be identified by the use of forward-looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions.

The forward-looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Cann, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Cann). There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. The forward-looking statements are based on information available to Cann as at the date of this Presentation.

Except as required by law or regulation (including the ASX Listing Rules), Cann undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Past performance

Investors should note that past performance, including any historical information in this Presentation cannot be relied upon as an indicator of (and provides no guidance as to) future Cann performance including future share price performance.

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Agenda

Market overview

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Enhancing patients' lives by
developing, producing and supplying
innovative cannabis medicines.

Industry growth

Australia

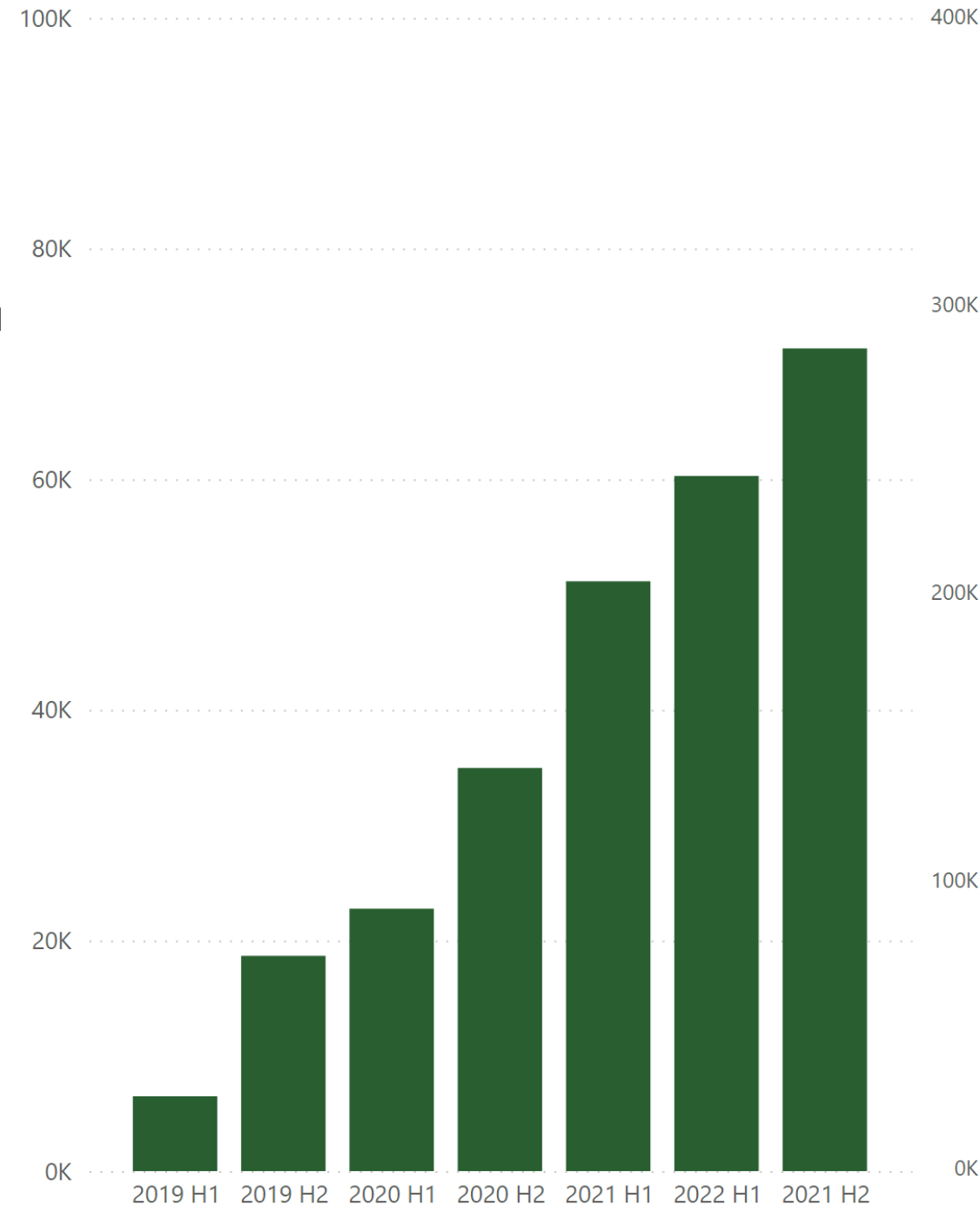
- >600,000 existing medicinal cannabis users¹
- In 2019 ~4% of users were legally prescribed¹
- Rapid growth in prescribed patient approvals
- >5,000 prescribing doctors currently²
- ~\$80 weekly spend per-patient³

Global

- >30 countries have legalised medicinal cannabis since 2016
- Growth markets include Canada, Israel, Germany, and the UK

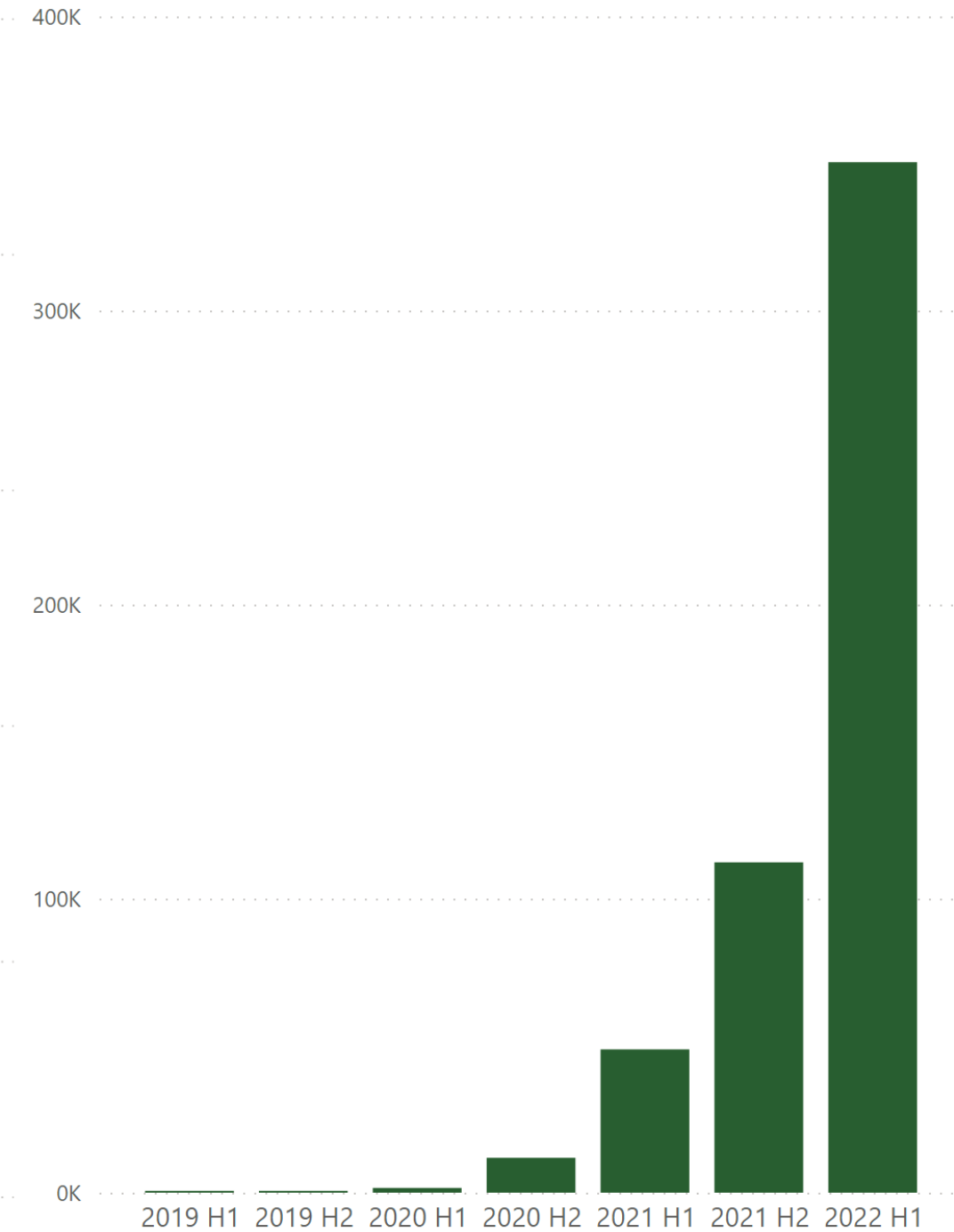
Special Access Scheme (B) approvals

100K



Authorised Prescriber approvals

400K



¹ Australian Institute of Health and Welfare, National drug strategy household survey 2019

² <https://www.tga.gov.au/products/unapproved-therapeutic-goods/medicinal-cannabis-hub/medicinal-cannabis-access-pathways-and-patient-access-data>

³ Lintzeris et al. (2022) Medical cannabis use in Australia: consumer experiences from the online cannabis as medicine survey 2020 (CAMS-20)

Industry trends

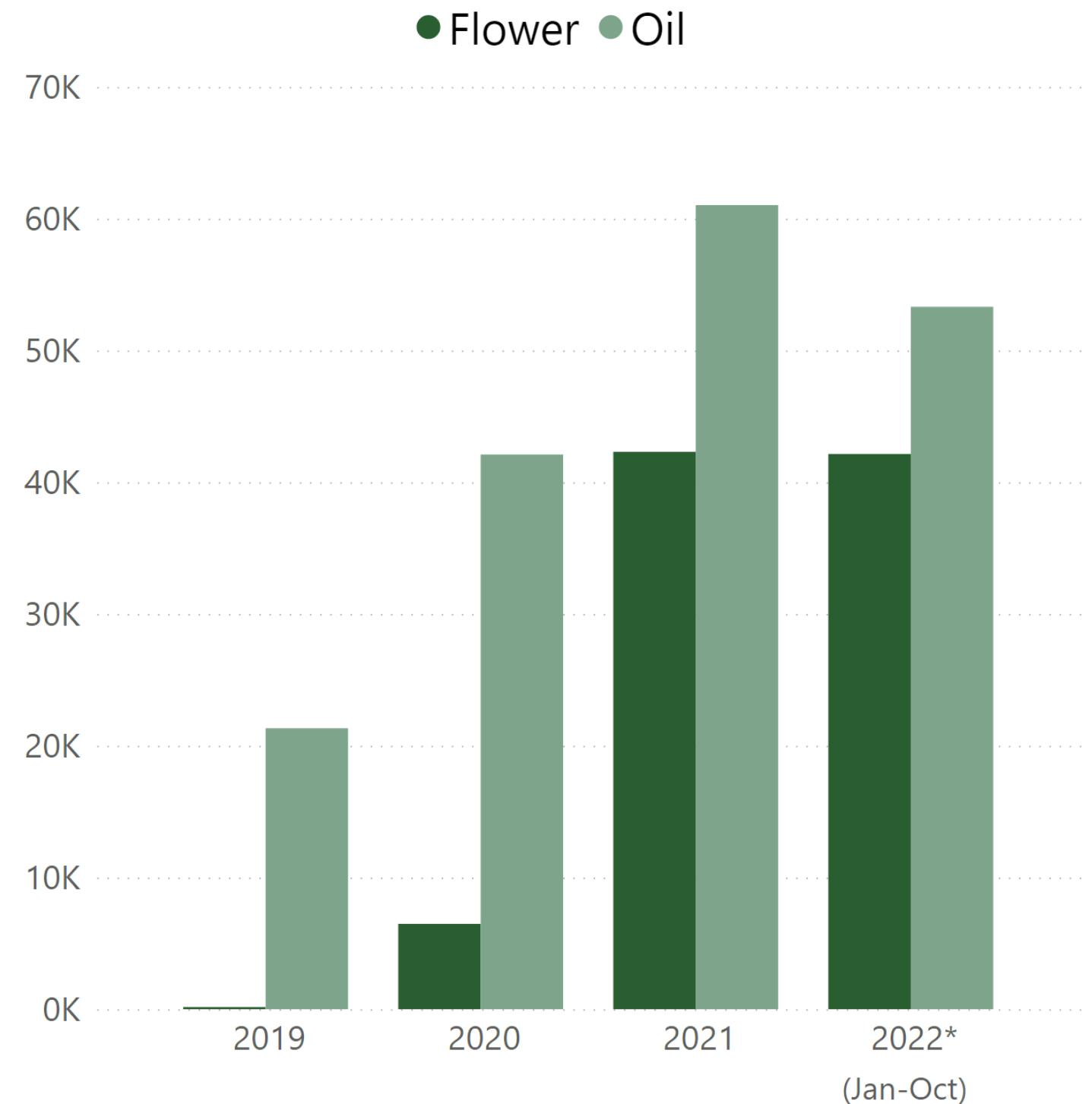
Australia

- Demand has shifted towards flower products¹
- Over-the-counter access to cannabidiol (CBD) legalised 2021
 - Requires efficacy evidence, drug registration
 - Currently no S3 CBD products are registered
- Other cannabis medicines are unregistered, available via prescription only

Global

- Similar trends in many key markets
- Most countries globally permit retail access to CBD without efficacy evidence
 - Significant opportunity for CBD products

Special Access Scheme (B) approvals



¹ <https://www.tga.gov.au/products/unapproved-therapeutic-goods/medicinal-cannabis-hub/medicinal-cannabis-access-pathways-and-patient-access-data>



Strategy and capabilities

Cann Group's broad suite of capabilities



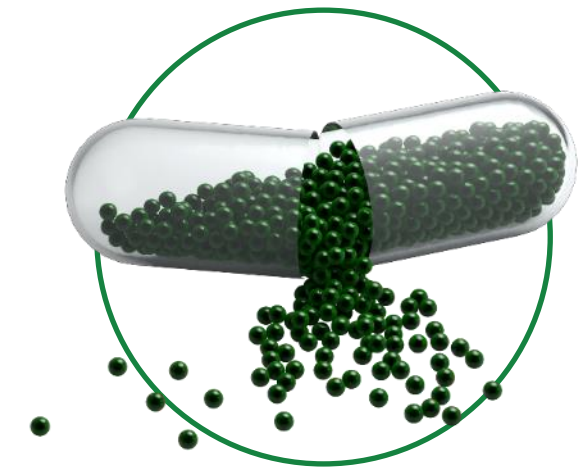
Large-scale, high-tech cultivation
Proprietary high-yield genetics



ODC and GMP licensed
In-house analytical testing



High quality dried flower, APIs and extracts



Capsule manufacturing capability
Drug registration program

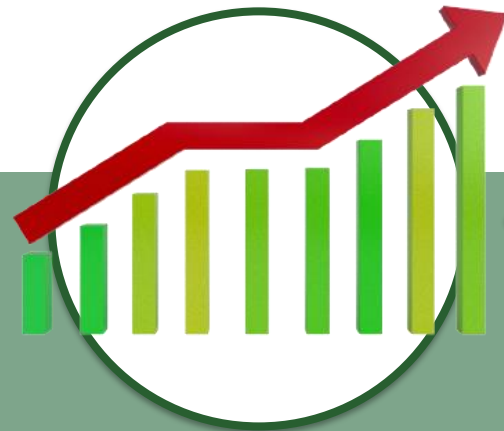
Cann is able to **cultivate, extract, manufacture and test in-house**, and **supply finished products** to both domestic and overseas customers

Cann Group growth strategy

Cann is executing a strategy to:



Achieve world-class capability and capacity across genetics, cultivation, manufacturing, and pharmaceuticals development



Secure a globally competitive cost position while growing revenues and improving margins



Supply a range of high quality and proprietary products that access significant and growing medicinal cannabis markets around the world



Facilities and capacity expansion plans

Mildura, our state-of-the-art flagship facility

- A micro-climate controlled glasshouse with manufacturing and warehouse space
- Automated plant movement conveyors and plant propagation systems
- In-house analytical chemistry and microbiology laboratories
- CO2 extraction capability
- Small-scale Satipharm manufacturing and encapsulation capability
- GMP licence for manufacturing and packing

Cann Group's Mildura facility is the most technologically advanced, full GMP medicinal cannabis cultivation & manufacturing facility in the southern hemisphere

Mildura, the next stage

- Optimising cultivation processes
- Expanding output of high-quality dried flower
- Achieving cultivation capacity in a step-wise fashion
- Scaling up extraction and Satipharm capsule manufacturing capacity
- Consolidating operations to Mildura





Satipharm CBD registration

The CBD opportunity

Australia

- Currently available via prescription only
- Low-dose ($\leq 150\text{mg}$ daily) CBD can be sold over-the-counter at pharmacies to adults...
- If proven to be effective and registered as a medicine

Global

- Regulated as a food in EU, UK, and USA – widespread retail availability
- In 2019, 14% of USA adults¹ and 9% of UK adults² reported having used CBD
- But issues with quality, consistency, and unapproved health claims

¹ <https://news.gallup.com/poll/263147/americans-say-cbd-products.aspx> ² <https://docs.cdn.yougov.com/l9y6o9trts/YouGov%20-%20CBD%20Results.pdf>

Phase III clinical trial / registration dossier progressing

- Investigating the impact of Satipharm low-dose CBD capsules on sleep disturbance
- Final participant has completed the study
- Trial results expected early in CY 2023
- Registration dossier on track to be submitted in CY Q1 2023
- Stability program has commenced to support the shelf life at product launch

Non-binding term sheet

Non-binding term sheet signed with Haleon Australia Pty Ltd (formerly known as GlaxoSmithKline Consumer Healthcare Australia Pty Ltd) for marketing & over-the-counter (OTC) distribution of Satipharm low-dose CBD capsules in Australia/New Zealand

- Covers proposed milestone payments, sales-related payments, and manufacturing margins
- Confirms the intended grant of exclusive rights to Haleon for marketing, sales, distribution, and promotion
- Relates to Australia and NZ with an exclusive right of first negotiation to other jurisdictions globally
- The parties will continue with the negotiation of a definitive agreement while Haleon's evaluation of the Product continues including the evaluation of trial results

A strong pipeline of new products

Satipharm THC formulations

- Engineering batches scheduled
- Would extend Satipharm into S3, S4, and S8
- S8 products lead the Australian market, significant global interest in THC-containing capsules

High-quality dried flower

- World-class accelerated plant breeding program
- Supporting new products and yield improvements
- 7 novel strains already in commercial production
- Ongoing genetic improvements





Focus on growing
immediate revenues

Ideally placed to seize new opportunities

- Growing demand for oil and high-quality dried flower
- GMP production and supply capabilities
- GMP analytical chemistry and microbiology
- New customers and markets being accessed
- GMP requirements for imports from July 2023 is increasing demand for local supply
 - Regulations currently permit imports to meet lower quality standards
 - July 2023 will even the playing field, benefiting local suppliers

Poised for imminent growth

- Generating sales momentum
- Repeat orders – in larger quantities – from existing and new B2B customers
- Sales engagements focused on Australian and German dried flower clients
- Mildura's capacity and the breadth of high-yield strains enables much larger scale supply agreements than previously possible
- New service offerings developed to leverage facility investments

Pillars of growth



Capacity & capability

- Efficiently scalable to meet growing demand.
- Industry-leading cultivation and automation technology.
- GMP-licensed for manufacturing and testing.

Domestic & international business development

- Expanded domestic and international customers.
- Targeting new marketing and distribution agreements in Europe.

Path to registered products

- S3 registration program.
- Non-Binding Term Sheet with Haleon for Australia/NZ.
- Potential for registration in other global markets.

Innovative product pipeline

- THC and other API containing Satipharm products.
- Novel, proprietary genetics.
- R&D projects in extraction and formulation technology.

Cann Group



Share Purchase Plan

Share Purchase Plan Offer

- Current Satipharm manufacturing and packaging lines at Mildura are sufficient for unregistered, prescription-only market
- S3 registration requires step-change in manufacturing capacity – from thousands to millions of capsules per month
- Funds from the SPP will contribute to:
 - Commercial scale encapsulation and packaging
 - The development of THC-containing Satipharm products
 - Increasing capacity and efficiency for GMP dried flower packing
- Amount: \$8-10 million

Event	Date
SPP Offer opens	Monday, 31 October 2022
SPP Offer closes	5:00pm (Melbourne time) Wednesday, 30 November 2022
Completion announcement date (and notice of scale backs, if any)	Monday, 5 December 2022
Allotment Date	Wednesday, 7 December 2022
Dispatch Holding Statements	Thursday, 8 December 2022

Summary

- Mildura is a world-class cultivation and production facility that will enable Cann Group to be globally cost competitive
- Operations are now being streamlined and consolidated to capture important additional efficiencies
- The execution of a non-binding term sheet with Haleon is an important validation of the potential for Cann's low CBD Satipharm capsule in OTC markets
- The pivotal trial to support registration of the S3 Satipharm CBD capsule is progressing towards a final report in Q1 2023
- Funds raised via the SPP will support our investment in moving to large scale manufacture of the Satipharm CBD capsule
- Cann has pivoted to a much stronger commercial focus, with short term revenue growth being driven across multiple products and an expanded customer base

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