



Medicinal cannabis products to improve quality of life

June 2023



Disclaimer | important notice

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Who we are

Vision to be Australia's largest & most innovative medicinal cannabis cultivator and supplier to a rapidly growing market



State-of-the-art facility, Mildura, Victoria

- Designed for reliable, consistent quality supply; ready to scale

Experienced cultivation & production team

- Novel and proprietary genetics
- Years of cropping experience

New leadership in place

- New CEO with Commercial biopharma background
- New Business Development Head

Strong & building customer base

- Supplier to established brands in Australia
- Multiple revenue streams

Fully licensed and TGA approved

- Fully compliant with TGO93 & GMP
- Onsite laboratory and manufacturing

Heritage and local R&D leadership

- Australia's first Medicinal Cannabis Cultivation Licence
- R&D partnerships with key institutions

Strong board with global, leading agri, biotech, pharmaceutical and medtech experience

				
Mr Allan McCallum, AO Chairman	Mr Doug Rathbone, AM Non-executive Director	Ms Jenni Pilcher Non-executive Director	Mr Robert Barnes Non-executive Director	Dr Julian Chick Non-executive Director
Agribusiness, healthcare	Agribusiness, NFP	Biotech / IT	Pharmaceutical, nutraceutical, medical devices	Biotech & MedTech, investment banking
   	     	   	    	  
<i>Previous Chair / director positions</i>	<i>* current Chair / director positions</i> <i>+ previous senior executive role</i> <i>¹ Honorary Life Governor</i> <i>² former director</i>	<i>* current senior executive role</i> <i>All others are previous senior executive roles</i>	<i>* former director</i> <i>All others are previous senior executive roles</i>	<i>Previous director positions</i>

Strong and experienced management



Mr Peter Koetsier

Chief Executive Officer

General management, marketing,
executive and commercial leadership



- Commenced January 16, 2023
- 30 years of experience in biopharmaceutical commercial leadership roles, including General Management and Global Marketing
- Previous role as Head of Asia Pacific & ANZ for French biopharmaceutical company, Ipsen
- Strong track record in developing and enhancing strategy, process and culture to capture unrealised opportunities and to accelerate revenue growth
- Commercially minded with a relentless focus on customers and partnerships
- Bachelor of Science (Pharmacology, Immunology) from Monash University and General Management Programme, INSEAD (France)
- Lived and worked in seven countries

Note: all companies listed are former employers

Strong and experienced management



Ms Deborah Ambrosini
**Chief Financial Officer
& Company Secretary**



Ms Liz Pepper
General Manager – Operations



Mr Russell McGifford
General Manager – Mildura



Mr Sam Chester
Head of Business Development

Cashflow management,
executive and financial leadership



General Management, operational
excellence, project management,
product development



Manufacturing operations,
chemical processing, biological
pharmaceutical products



Senior business development,
process improvement, CRM, general
management, stakeholder management



Note: all companies listed are former employers

Mildura facility secures strong competitive advantage

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



A microclimate-controlled glasshouse with manufacturing and warehouse space



Automated plant movement conveyors and plant propagation systems



In-house analytical chemistry and microbiology laboratories



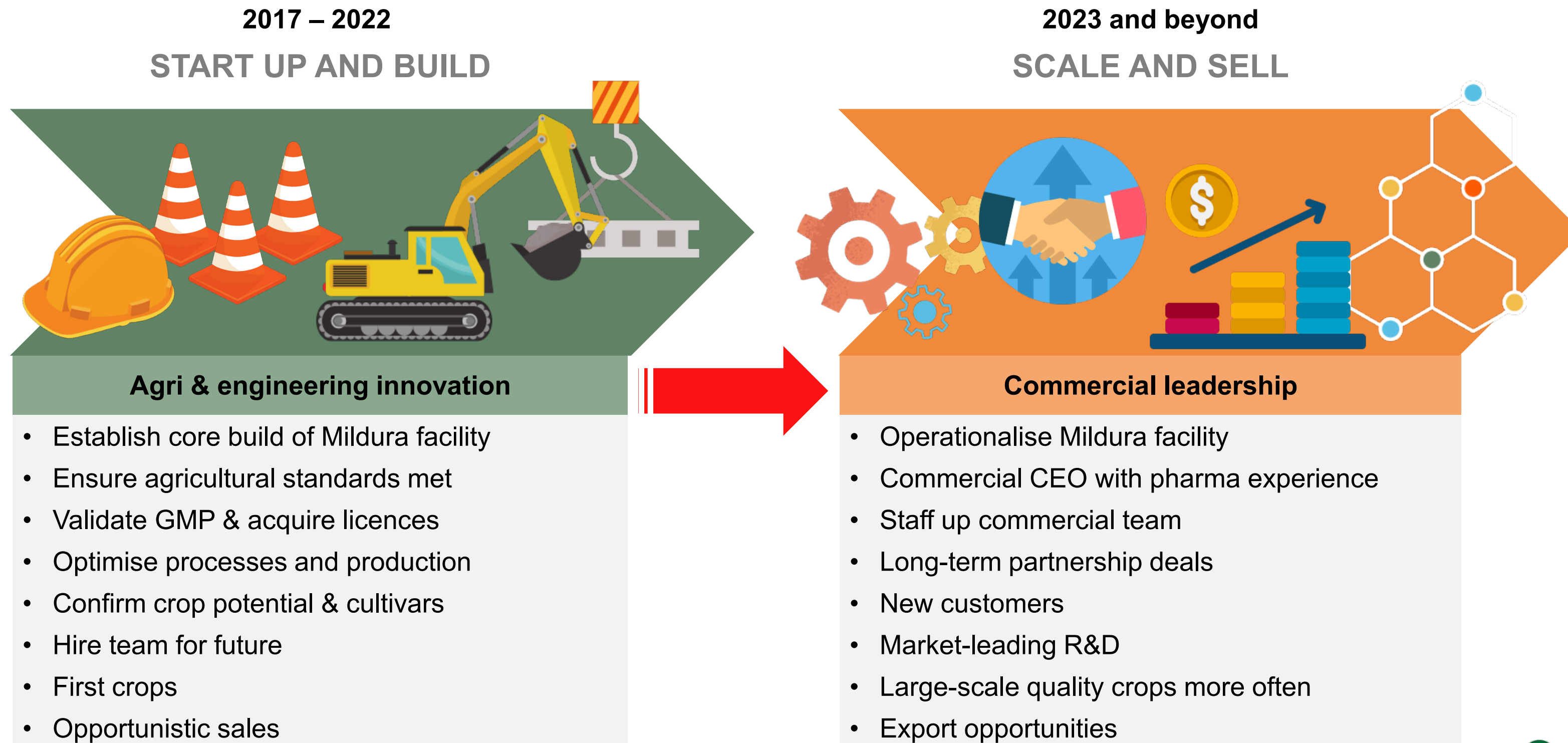
Satipharma® manufacturing and encapsulation capability



GMP licence for manufacturing and packing

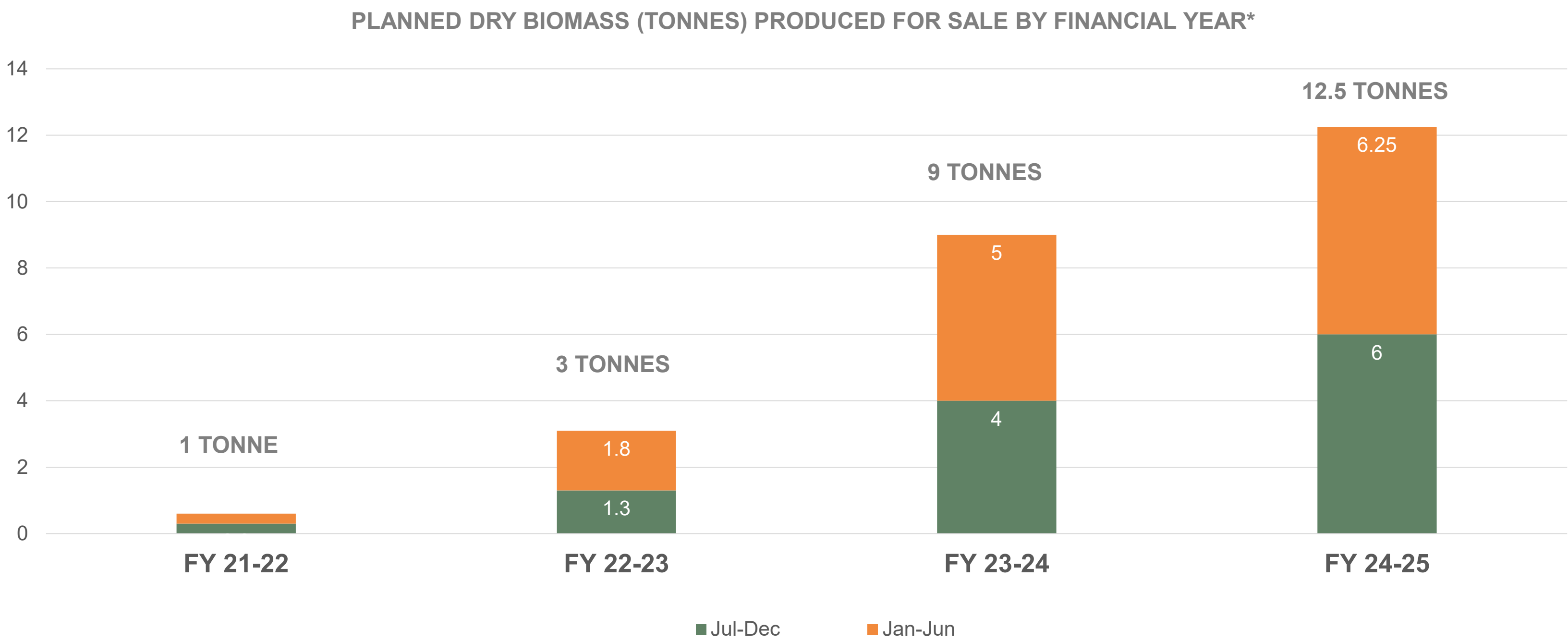
From Capex to Opex

Seeking to increase production to reach 12.5 tonnes on an annualised basis



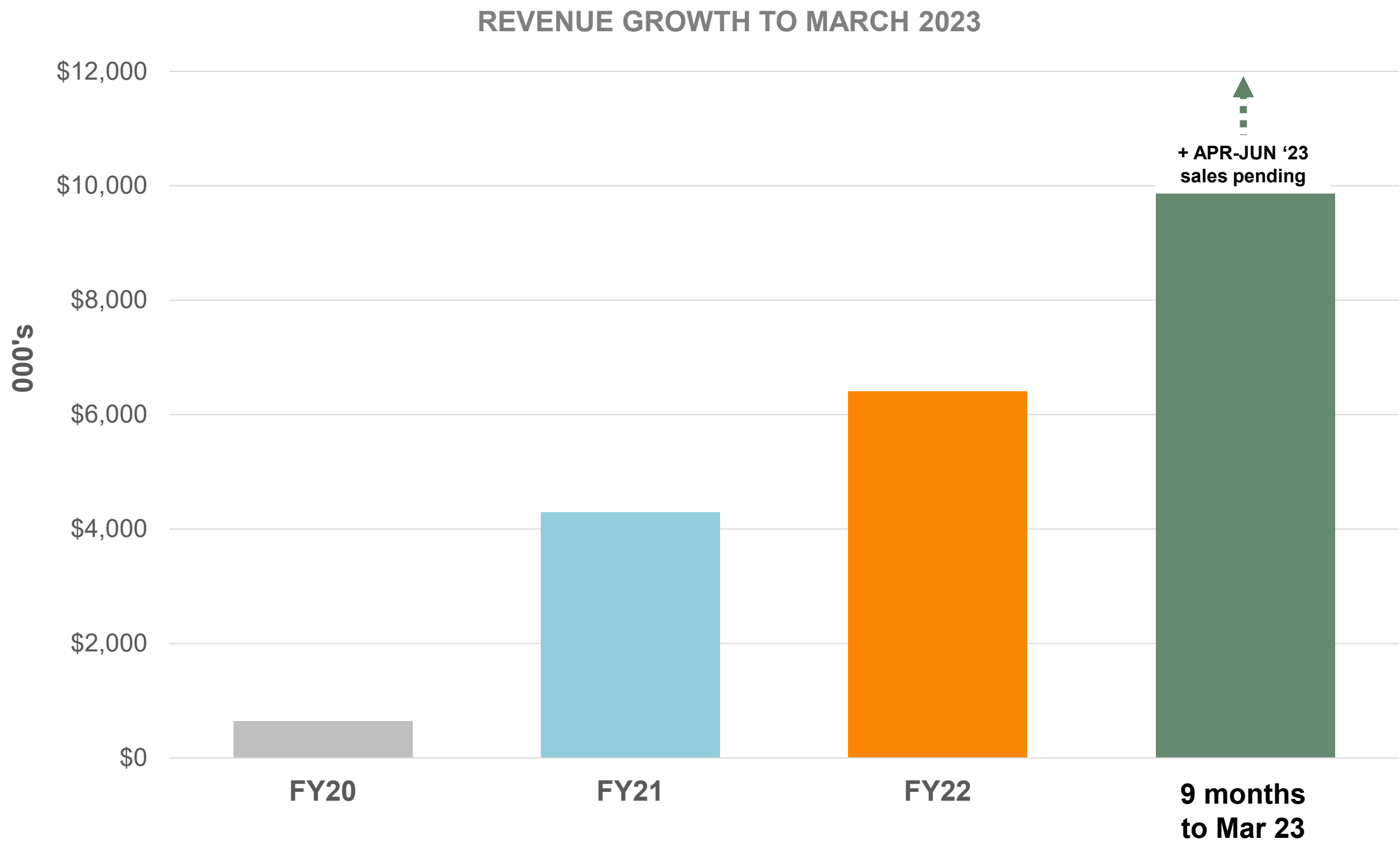
Cann is immediately scaling production at Mildura facility

Expected to deliver scale benefits, substantial cost savings and improved supply chain security



** Dry biomass produced typically 12 weeks after initial planting. Current plans subject to increase or decrease*
Note: These figures represent production for sale, consistent with Narcotic Drugs Act 1967 (Cth.) and other relevant legislation

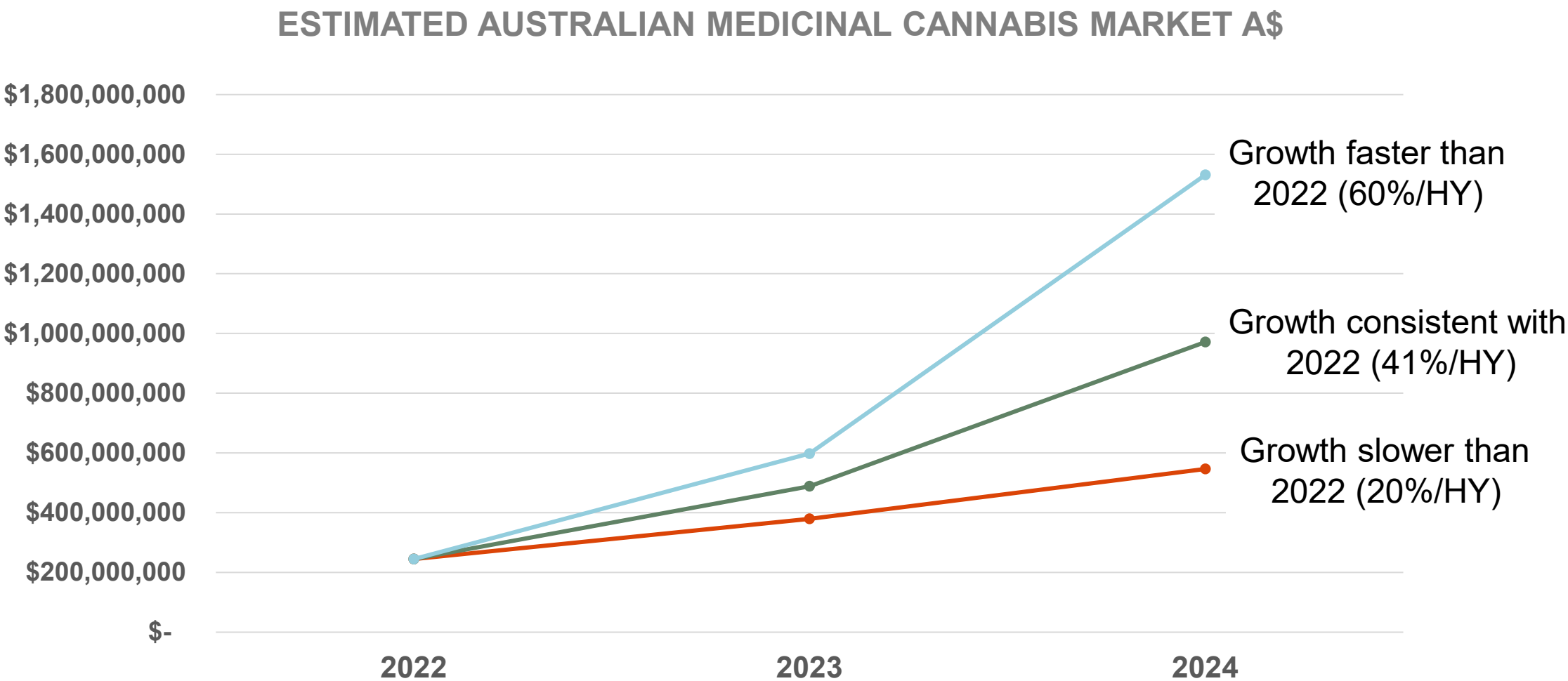
Revenue already rapidly growing



Note: FY23 revenue shown above represents nine months only to 31 March 2023.

- Dried flower sales have increased 267% in the current financial year
- Oil sales have remained strong with a 76% increase from the previous financial year

Australian medicinal cannabis market is growing rapidly and reached an estimated \$245 million in 2022



Data presented by Penington Institute May 2023 following their FOI request to TGA
<https://www.penington.org.au/cannabis/cannabis-in-australia/>
<https://youtu.be/3FtzL4QerCM>

Note: This represents best available data however, the nature of data collection for this market introduces the possibility of error.
2022 assumes all company reported volumes to TGA are accurate.
Current and Future forecast sales numbers are based on estimated current prices and do not assume price changes

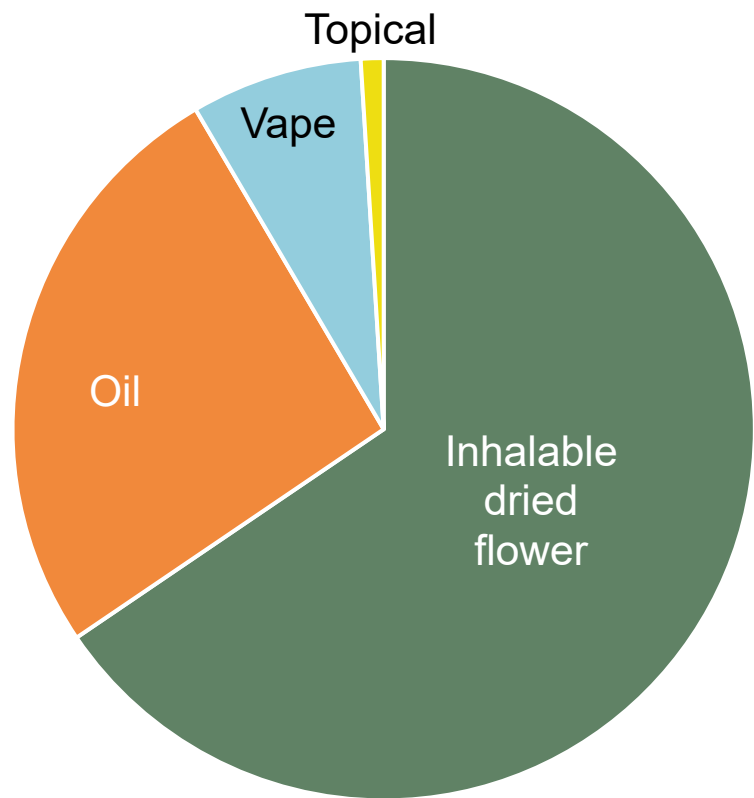
Legislative change could see acceleration



The Guardian Australia, March 2023

Quality local supply opportunity driven by increasing demand, lack of consistent quality and increased import regulations

Users demand Quality when inhaling
2/3 of all units sold are for inhalable flower



Data presented by Penington Institute May 2023
following their FOI request to TGA
<https://www.penington.org.au/cannabis/cannabis-in-australia/>
<https://youtu.be/3FtzL4QerCM>

Only ~20% of brands in Australia are locally grown



<https://honahlee.com.au/>

Amendments in July will make overseas supply more heavily regulated



<https://www.tga.gov.au/resources/resource/guidance/conforming-therapeutic-goods-standard-medicinal-cannabis-tgo-93-order-2017>

Note: This represents best available data however, the nature of data collection for this market introduces the possibility of error. 2022 assumes all company reported volumes to TGA are accurate.

Cann is ready to meet local market demand and quality

Market Challenges

Cann Solutions

High use of inhaled flower means quality and appearance must be very high			Proven controlled environment growing of excellent current and future genetics
Local production not meeting current growing demand and scaling up takes years			Ready to scale and become one of largest local producers by mid-2024
Overseas supply creates risks around freshness, lead times & compliance with strengthening regulations			Fully GMP certified and TGA inspected to allow full local production from growing to finished goods
Obtaining pharmaceutical regulatory approval with IP protection very challenging			Satipharm® capsule platform provides possibility of registerable form with patented presentation

Cann has short and long-term opportunities for revenue growth

Drivers of revenue



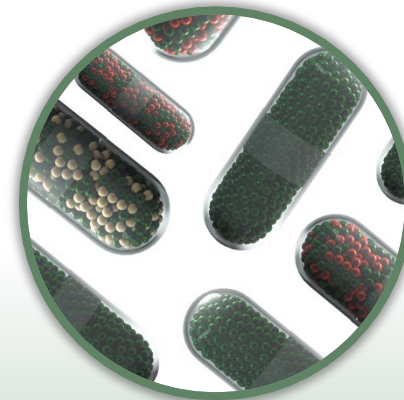
Increase total production volume



Increase inhaled flower yield



Increase customer number and penetration



Further development of Satipharm® platform



GMP contract packaging



Future export opportunities, including Satipharm®

Enhanced range to address current and future patient segments

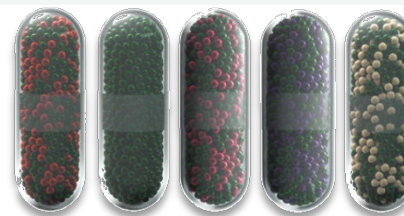
Current range

Grower's Range®	Quality Range	Botanitech®	Satipharm® CBD
- Lower price - Inhalable quality	- Quality flower & oils - White label & Bulk	Premium flower & Oils	









Future range

- Satipharm® with THC
- Innovative Range (additives, blends)
- New forms
- Customer exclusives

Optimising business operations

Cann Group has executed on a number of key initiatives to reduce operational expenditure and will continue to deliver on a cost reduction strategy to move business to a more sustainable cost base

Cost Initiatives Executed

- ✓ Manufacturing efficiencies – increased automation
- ✓ Cultivation improvement projects executed
- ✓ Sale of Southern facility asset
- ✓ Optimising team structure via the changes in ELT
- ✓ Reviewed office space and moved to Port Melbourne
- ✓ Streamlined European operations

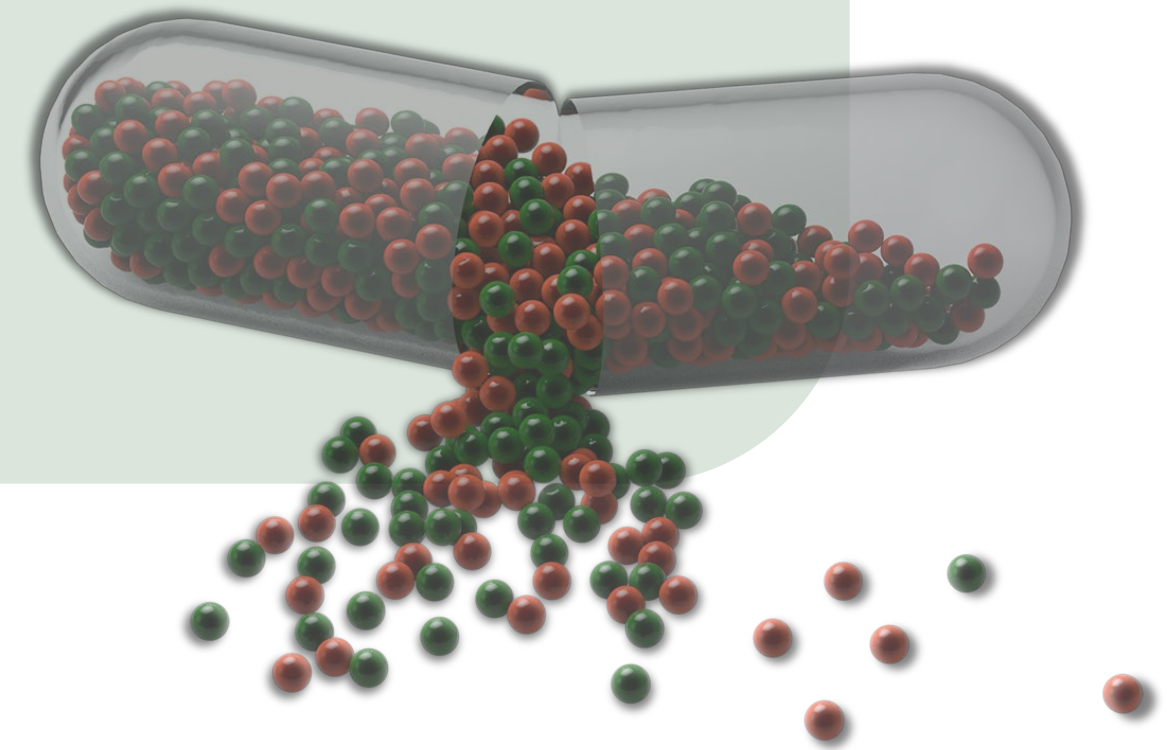
Cost Reduction Strategy



Satipharm[®] platform provides significant incremental potential

Registerable, differentiated & patent protected medicinal cannabis product

- Pharmaceutical presentation
- Active substances embedded in microsphere technology
- Higher Bioavailability¹
- Opportunity to build pharmaceutical brand
- Potential for extensive clinical trial programme
- CBD currently available in EU & Australia
- CBD & THC forms under development for global



1. When compared with Sativex.

Atsmon J, Heffetz D, Deutsch L, Deutsch F, Sacks H. Single-Dose Pharmacokinetics of Oral Cannabidiol Following Administration of PTL101: A New Formulation Based on Gelatin Matrix Pellets Technology. Clin Pharmacol Drug Dev. 2018 Sep;7(7):751-758. doi: 10.1002/cpdd.408. Epub 2017 Nov 10. PMID: 29125702.

Export esp. Germany adds incremental opportunity

- Cann flower and oil has already successfully been exported to Europe
- The Medical Cannabis market in Europe estimated at USD 22 billion in 2024
- Germany is the largest medicinal cannabis market in Europe having legalised medical cannabis in 2017
 - Cann is engaged in conversations with German companies seeking multiple tonnes
- Switzerland, U.K., France, Czechia and Poland are potential future opportunities



Sources:

European Medicinal Cannabis Market Research Report, Market Data Forecast March 2023
The Global Cannabis Report. Prohibition Partners

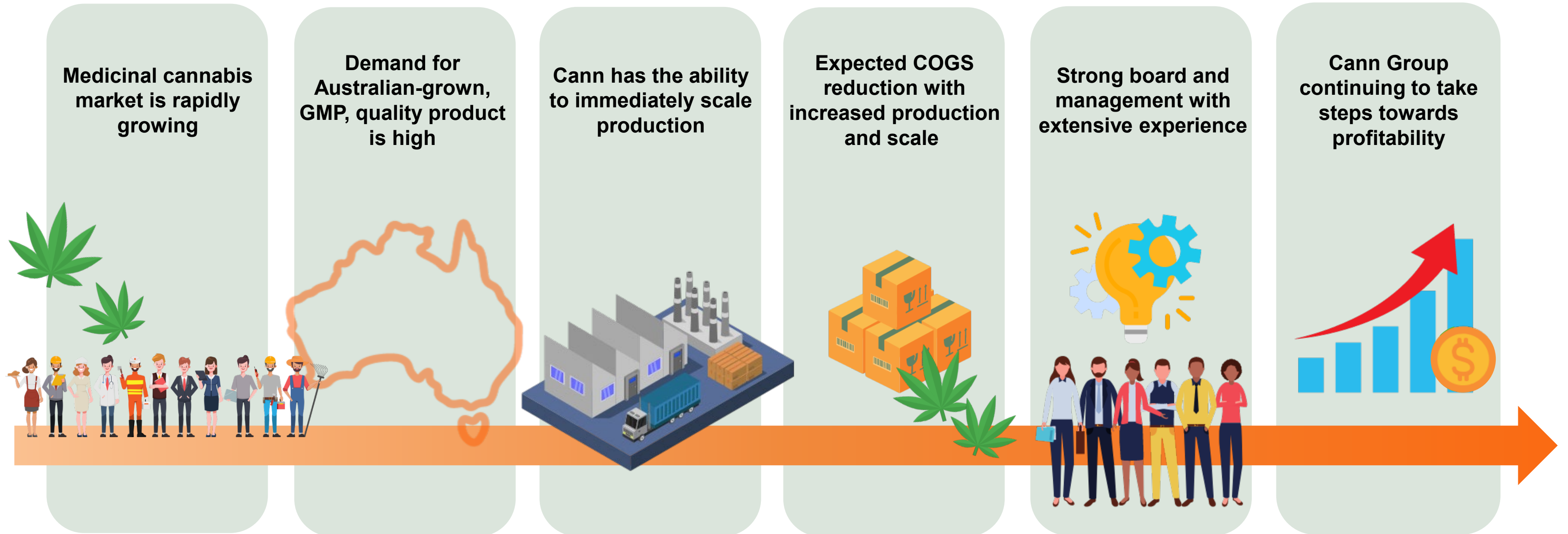
Five years of strong R&D partnerships & our R&D hub in Bundoora, Victoria

- Genotyping, phenotyping, genetic diversity, predictive breeding
- Tissue culture, drying and extraction capabilities



Key takeaways

Cann: Medicinal cannabis products to improve quality of life





Equity raising

Offer summary

Offer structure and size	Cann Group is conducting a one (1) for four (4) non-renounceable rights issue with a free attaching option exercisable at \$0.22 per share for every 2 shares purchased ("Offer") to raise up to \$11.7m before associated costs. Approximately 97 million New Shares and 48.5 million New Options will be issued under the Offer.
Offer price	Under the Offer new shares will be issued at \$0.12 (12 cents) per share representing a 14% discount to the last closing price a 20% discount to the 5 day VWAP and a 27% discount to the 30 day VWAP of Cann Shares as traded on ASX on 14 June 2023.
Rights Issue	Open to existing shareholders with a registered address in Australia or New Zealand at 7:00pm Tuesday 20 June 2023. Shareholders who fully subscribe for their entitlement under the Offer may take up additional shares under the Short Fall Facility. The Offer will open Friday 23 June 2023 and close Tuesday 18 July 2023 unless varied by the Directors. The Offer is not underwritten. Upon invitation from the Company or the Lead Manager other investors may apply for Short Fall Shares.
Ranking	New Shares will be issued on a fully paid basis and will rank equally in all respects with Existing Shares from the date of issue. New Options will be exercisable at \$0.22 with an exercise period of 18 months after their date of issue. New Options will not be quoted on the Australian Stock Exchange.
Lead manager	PAC Partners Securities Pty Ltd

Use of funds

Use of funds	AUD millions
Enhanced automation for GMP manufacturing facilities	3.5
Accelerated staffing levels	2.8
Laboratory and Quality Control enhancements	1.3
Environmental feasibility projects including solar and waste	0.3
Research and Development – THC containing Capsules	2.3
Costs of the Offer	0.4
Working capital	1.1
Total use of funds	11.7

Please refer to Prospectus for further details

Offer timetable

Date	Event
Thursday, 15 June 2023	Entitlement offer is announced
Monday, 19 June 2023	Ex date
Tuesday, 20 June 2023 (7:00pm AEST)	Record date
Friday, 23 June 2023	Prospectus (and personalised entitlement form) dispatched to Eligible Shareholders and Entitlement Offer opens.
Tuesday, 18 July 2023 (5:00pm AEST)	Entitlement offer closes
Wednesday, 19 July 2023	New Shares under the Offer quoted on a deferred settlement basis
Friday, 21 July 2023	Announcement of results of entitlement offer
Tuesday, 25 July 2023	Settlement and issue of New Shares and New Options issued under the Entitlement Offer.
Wednesday, 26 July 2023	Commencement of trading of New Shares and dispatch of holding statements in respect of New Shares and New Options.

The above timetable is indicative only (except where historical) and subject to change.

Detail of risk factors

The New Securities are considered highly speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Presentation, before deciding whether to apply for New Securities.

The following list of risks ought not to be taken as exhaustive of all the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. These risks may be outside the control of the Company or the Directors and may not be able to be mitigated.

1. Risks specific to the Company

The current and future operations of the Company, may be affected by a range of factors, including:

(a) Agricultural risks

CAN's business involves the cultivation and processing of cannabis, an agricultural product. Risks inherent with agricultural businesses apply to CAN's business, including lower than expected yields, disease, mould and insects and other pests. Although CAN currently grows and expects to grow the significant majority of its product in climate controlled, monitored, indoor locations, there is no guarantee that changes in outside weather and climate, as well as catastrophic weather events such as fires, earthquakes, high winds or storms, will not adversely affect production or that inherent agricultural risks will not arise anyway. Losses in production may increase CAN's costs of goods sold, reducing margin, as well as limiting revenue due to lower amounts of product being available to sell. This would have an adverse effect on CAN's financial performance.

(b) Production risks

CAN's ability to produce cannabis and manufacture cannabis products, and to increase its production in the future, may be adversely impacted by a number of production factors. These include plant design errors, non-performance by third party contractors, increases in materials or labour costs and /or limits on availability of materials or labour, production performance falling below expected levels of output or efficiency, human error, the agricultural factors described above, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, any rise in energy and utilities costs and limits on availability of such utilities. Further power or water failures could lead to the Mildura Facility not functioning as it is designed with resultant damage to crops.

Any significant interruption or diminution in the availability of the supply chain for key inputs could materially impact CAN's ability to produce cannabis and manufacture cannabis products, which would negatively impact its business, financial performance and/or prospects.

(c) Funding risks

CAN may look to further expand its business, both organically and inorganically. This could include rolling out the further development stages the Company has proposed at the Mildura Facility. CAN may also enter into transactions to acquire medicinal cannabis or related or synergistic businesses or companies. However, any future expansion of CAN's business may well require additional capital, depending on the nature of the development or expansion. The failure to raise the necessary funding, whether as debt or equity, could result in the delay or indefinite postponement of CAN's business expansion. There can be no assurance that additional funding or other types of financing will be available if needed or that, if available, the terms of such funding will be available on favourable terms.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution.

In addition, debt funding may materially increase CAN's debt levels and gearing. This may increase CAN's funding costs, reduce its financial performance and increase the risk of CAN being in default or being unable to pay its debts when due in the future.

Detail of risk factors (continued)

Risks specific to the Company continued

(d) Import risks

Some of CAN's operations depends on its ability to import cannabis products, particularly flower, from foreign jurisdictions. If overseas suppliers are unable to meet the requirements to enable CAN to import the necessary volumes of flower e.g. by not providing the required documentation, by not providing flower of the necessary standard, or by not complying with shipping and customs requirements, this would impact CAN's ability to import the products and meet customer demands, which would ultimately have a negative impact on CAN's revenues and prospects.

In addition, there is no guarantee that Australian legislation and regulations will not change in the future and prohibit the importation of cannabis or cannabis products from all or specific overseas jurisdictions which CAN imports from. This may have a material adverse impact on the financial position, financial performance or prospects of CAN.

(e) R&D funding

An important source of funding for CAN is the R&D tax refund it receives each year. There can be no assurance that the R&D tax refund scheme will remain in place, or that CAN will continue to be entitled to access it in the future. Therefore, if CAN were to not receive an R&D tax refund, this would negatively impact CAN's financial performance as well as increase its working capital requirements, potentially causing it to seek additional funding.

(f) Operating losses risks

CAN continues to incur operating losses. CAN may not be able to achieve profitability and may continue to incur significant losses in the future. In addition, CAN will increase its operating expenses as it grows its business. If CAN's revenues do not increase to offset these expected increases in expenditures and operating expenses, it will not be profitable. Anticipated or expected sales may not be achieved, and even if achieved, may not result in CAN being profitable. There is no assurance that CAN Group will be successful in achieving a return on shareholders' investments and the chances of success must be considered in light of the proposed expansion of its operations. Also, CAN may require additional funding to meet those losses or bridge the period of time until it becomes profitable, with the associated risks of funding noted above.

(g) Regulatory approvals

CAN's ability to continue its business is dependent on holding certain authorisations, licences and permits and adherence to all regulatory requirements related to such activities. Any failure to comply with the conditions of those approvals and licences, or to renew the approvals and licences after their expiry dates, would have a material adverse impact on the financial position, financial performance or prospects of CAN

(h) Product approvals

Cannabis products are currently regulated as medicines in Australia. Generally, medicines imported into, supplied in, and exported from Australia must be entered in the Australian Register of Therapeutic Goods (ARTG), which is administered by the Therapeutic Goods Administration (TGA) or through the Special Access Scheme (SAS), Authorised Prescriber (AP) scheme or clinical trial exemptions. CAN cannot guarantee that any or all of its medicinal cannabis products will be approved for supply to patient under these pathways or that these pathways will remain available. Any failure to continue to be able to access these pathways would have a material adverse impact on the financial position, financial performance or prospects of CAN.

Detail of risk factors (continued)

Risks specific to the Company continued

(i) Compliance with licence conditions

A licence to cultivate, produce and/or manufacture under the Narcotic Drugs Act 1967 (Cth) is subject to a number of conditions, which if not maintained may result in a suspension or revocation of the licence or permit. Such conditions include ensuring that all staff engaged are suitable, that directors and officers (and the business itself) is a fit-and-proper person and that certain security and reporting measures are maintained. Any failure to maintain these licenses would have a material adverse impact on the financial position, financial performance or prospects of CAN.

(j) Product Development

CAN may not be successful in developing effective and safe new products to market in time to be effectively commercialised, or in obtaining any required regulatory approvals or funding, which may impact its growth initiatives relating to product development with an associated material adverse effect on its prospects.

(k) Diversionary risk and theft

Given the nature of CAN's cannabis products and despite meeting or even exceeding the TGA and ODC security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of CAN's facilities could expose CAN to additional liability and to potentially costly fines, penalties and litigation, increased expenses relating to the resolution and future prevention of these breaches and may result in the possible suspension or revocation of licences and permits, and may also deter existing or potential customers from purchasing CAN's products. Any such event may have a material adverse effect on CAN's prospects.

(l) Industry confidence

There is a risk that incidents beyond the control of CAN could occur which would have the effect of reducing patient, medical/scientific or regulatory confidence or preferences for cannabis or medicinal cannabis products, including serious adverse effect incident involving medicinal cannabis, negative medical or scientific findings, material breach of a law or regulation by CAN or a competitor. Any such event may have a material adverse effect on CAN's prospects.

(m) Competition risks

Should the size of the Australian medicinal cannabis market increase, the overall demand for products and number of competitors will, or is likely to, increase as well, and in order for CAN to be competitive, CAN will need to invest significantly in research and development, new product and market development, marketing, new client identification, distribution channels and client support. If CAN is not successful in obtaining sufficient resources to invest in these areas, CAN's ability to compete in the market could be adversely affected and this could have a material adverse effect on its business, financial position, financial performance and/or prospects.

(n) Third party manufacture risks

CAN is currently reliant on a single source of manufacturing to manufacture certain of CAN's products. There are other potential commercial manufacturers that CAN could use to provide its manufacturing requirements. However, if CAN needed to engage a new manufacturer, the process of transitioning to a new manufacturer would likely take several months, so there would be a risk that CAN's manufacturing abilities would be adversely impacted during the transition period, with a negative associated impact on CAN's financial performance.

Detail of risk factors (continued)

2. Industry risks

(a) General regulatory risk

Companies which operate in the medicinal cannabis industry are subject to a highly regulated environment and numerous laws and regulations. Changes to such laws, regulations and directives may cause adverse effects on a business operating in this industry, its financial position, financial performance and/or prospects.

(b) Market risks

There is a risk that the demand for the supply of medicinal cannabis products may decrease due to various market factors, with an associated adverse effects on a business operating in this industry, its financial position, financial performance and/or prospects.

(c) Clinical trial outcomes

There are various clinical trials being conducted in Australia and internationally in relation to medicinal cannabis. An adverse finding from an approved or recognised clinical trial is likely to or may have a material adverse effect on a company's prospects of conducting clinical trials in the medicinal cannabis sector, with an associated adverse effect on the financial position, financial performance and/or prospects of a company and the medicinal cannabis industry generally.

3. General risks

(a) Nature of investment

There are inherent risks associated with investment in any listed company. The New Shares under the Offer do not guarantee payment of dividends, return on capital or maintenance of capital or value. No assurances can be given that the New Shares will trade at or above the Offer Price at any time, or that they may be sold at any price. The value of the New Shares may vary depending on the financial and operating performance of CAN and external factors over which CAN and its directors have no control, including changes to market sentiment.

(b) Dilution risk

If CAN needs to raise additional equity in the future, this may dilute the shareholdings of existing shareholders, who may not have the opportunity to participate in that raising.

(c) General economic conditions

Adverse changes in economic conditions such as to interest rates, exchange rates, inflation, government policy, taxation law, investor sentiment towards particular market sectors, demand for and supply of capital, national and international economic conditions (including any trade conflicts between major countries, terrorism, war, social upheaval or other hostilities) amongst others are outside CAN's control and have the potential to have an adverse impact on CAN (including CAN's financial performance and/or financial position) and its operations.

(d) Tax legislation & accounting standards

Changes in tax laws or accounting standard from time to time can have an adverse impact on the financial performance, financial position or prospects of a company.

(e) Cyber security

A company may suffer material losses from cyber-attacks or other information security breaches. As cyber threats continue to evolve, a company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities, with an adverse impact on its financial performance.

Detail of risk factors (continued)

General Risks continued

(f) Privacy

A company may collect or be provided with information which is considered personal or sensitive, and the company is responsible for protecting that information from privacy breaches and mandatory reporting obligations under the Notifiable Data Breaches scheme contained within the Privacy Act 1988 (Cth) (**Privacy Act**). A breach of its obligations under the Privacy Act may have an adverse effect on the company's business, reputation, financial position, financial performance and/or prospects.

4. Investment Highly Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Securities offered under this Presentation. Therefore, the New Securities to be issued pursuant to this Presentation carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Securities pursuant to this Presentation.

Q&A



Contact

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