

2020 Annual General Meeting Chairman's Address

20 November 2020 - Good morning. I am Max Johnston, Chairman of AusCann Group Holdings Limited ("AusCann" or "the Company") (ASX:AC8). I am delighted to be able to extend a warm welcome to all of you who have been able to attend today.

This year has not been a great year for the Medical Cannabis Industry, COVID-19 affected countries and industries or indeed your company AusCann. This time last year our share price was 22 cents and 12 months before that 80 cents. Yesterday we closed at 12.5 cents. The share price is not always a good indicator of value but it is the best we have and it is a good indication of sentiment. The reason I have laboured this somewhat is because it is the 'Elephant in the Room' and it is difficult to speak of what we have recently achieved or where we intend to take your company and why we are confident in our future unless we first acknowledge where we are.

During the year we occupied and commenced utilising our new premises. They were built at a time we had aspirations of growing cannabis and so although ideal for conducting our R&D, they are somewhat over spec for our needs. We are currently in the process of evaluating our needs and the opportunity of subletting a portion of the premises to a suitable tenant who requires both pharmaceutical specified premises and our licences to operate, better utilising this important asset. This is a part of a broader strong focus on reducing our costs without limiting the investment in our future.

We recently exited our commercial arrangements with DayaCann in Chile both to align with the stated strategic focus of our Company and in recognition of the difficulties of operating in the Chilean market environment. After an extensive search we secured what we believe was a fair price and much better outcome than simply exiting the joint venture or continuing to lose money.

We launched our unique and innovative hard shell capsule in two variants and successfully completed our PK study meeting all end points establishing that our dry powder formulation combined with the hard shell capsule format delivers on all of the measures in delivering a better outcome for prescribers and patients. Although sales initially are slower than we had first hoped, they are building well in both number of prescribers and units. From a low base we are increasing approximately 50% month on month. We remain enormously confident of being able to build this into the preferred means to prescribe medicinal cannabis for pain. In support of our efforts Dr Marc Russo joined us as Chief Medical Advisor and we have put together a panel of highly respected medical professionals to act as an advisory board to guide our delivering best in class products and great outcomes for our patients.

To add to our expertise we recently added to our ranks a team of three international veterans of the industry headed by Dr Ryan Lanier in order to identify opportunities to extend our pipeline of products for specific indications, based on our unique Neuvis® platform. It is our ambition to capitalise not only on opportunities both against unmet health needs and regulatory changes in Australia but also globally. We are already progressed in new products to bring to market in 2021 and the mid to longer term.

The regulatory environment for human use of Medical Cannabis remains challenging and the Special Access Scheme, although a good means for patients to legitimately receive their medication, is grossly inadequate and oversubscribed relative to its initial purpose. This often leads to patients trying to gain access through illegal means. We welcomed the change in regulation for CBD products and we are already working through how we can best meet patients' needs in that space. We expect to have a patient solution available in mid 2021.

In addition to the opportunity for Medical Cannabis in the human space we have recognised the very real opportunity in animal health and have seen the quick adoption of companion animal pet owners for these medications to improve the quality of life for their best friends. Regulation in the animal space is more favourable for commercialisation than human health both in Australia and globally. Much of the work done for approval within animals can be leveraged in the tougher regulatory environment for humans. Traditionally many veterinary medicines were repurposed human medicines, but in the Medical Cannabis industry they are on similar development pathways. Our recent announcement regarding the proposed acquisition of CannPal Animal Therapeutics Limited (ASX:CP1) is a large step forward in capitalising on this opportunity to leverage across these two Medical Cannabis spaces.

I don't want to speak too much on that today as we still have many important steps before we actually have a transaction completed. I would prefer that we do that later post completion but suffice to say we know the company well and have enormous respect for the work they do. We will, as a combined company, have two products in market, two to be commercialised in 2021 and a further four products under review and development in the medium term. Our addressable market will dramatically increase by both geographic reach and by covering both human and animal health.

This is a tough industry at an early stage of development and consolidation is inevitable. To be successful players will need a strong balance sheet, an ability to leverage capabilities and resources and build scale quickly.

We believe the steps that we have and are taking positions us well and are very confident in our future.

Thank you shareholders for the continued support of our Company, the Board is mindful of the underperformance of our share price but believe we are well progressed in addressing that. I would also like to thank our staff for their hard work, much has been done and much remains to be done, and we have talented and committed people to do that.

ENDS

This ASX announcement was authorised for release by the Chairman of the Board of AusCann.

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ABOUT AUSCANN

AusCann Group Holdings Limited (ASX:AC8) is an Australian-based pharmaceutical company focused on the development, production, and distribution of cannabinoid-based medicines within Australia and internationally. AusCann transforms the way medicinal cannabis is dispensed today by making standardised, controlled dose products, providing educational support to healthcare professionals and generating clinical evidence that is accessible to patients, physicians and healthcare providers. AusCann is developing a pipeline of proprietary differentiated cannabinoid-based pharmaceutical products. The Company's first product based on the Neuvis® platform was successfully launched in Australia in 2020 and is available under special access provisions for medicines.