

ASX ANNOUNCEMENT
1 MARCH 2021



PRESENTATION OF CANN GLOBAL LIMITED HALF-YEAR 2021 RESULTS

Cann Global Limited (ASX:CGB) (“Company” or the “Company”) have released half year results for six months to 31 December 2020 on 26 February, 2021.

Cann Global Limited will be hosting an investor briefing via webcast at 2:00pm AEDT on 2 March, 2021 to discuss the half year results. The webcast will be available at <https://webcast.openbriefing.com/7203/> and there will be an opportunity to ask questions of management via an online Q&A.

An updated presentation has been released together with this announcement and will be available on our website <https://www.cannglobal.com.au/investor-centre/>

A recording of the webcast will be available on our website within 24 hours.

ABOUT CANN GLOBAL

Cann Global Limited (ASX:CGB) is a driving force in the hemp and medical Cannabis industries. Our strength comes from our team’s core competencies and expertise, and our solid and strategic partnerships with experts in Australia, USA, Israel, Asia, Africa and Canada. We are working under the relevant legislation to ensure that the future in Medical Cannabis and Natural Foods will allow medical practitioners, patients, and consumers to gain access to the right information, as well as the safest, most effective and sustainable products.

AUTHORITY AND CONTACT DETAILS

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CANN GLOBAL

HY21 Results Presentation

01 March 2021



Strong business growth momentum in HY21

Sales momentum driving solid revenue growth

- Sales momentum continues across both the food division and the hemp cultivation and processing divisions with revenue up 29% on pcp.
- Increased advertising & marketing spends, investment in brand focussed consumer websites and inventory will drive further momentum.
- Foreign Exchange gain realised has resulted in a significantly reduced loss for HY21 versus pcp.

Debt free balance sheet with solid capital reserves to support growth

- \$7.9m of capital raised during the six months to 31 December 2020 via a rights issue (July) and placement (December)
- Convertible noteholders elected to convert notes to an equity investment, resulting in an entirely debt free balance sheet.
- Healthy cash reserves as at 31 December 2020 of \$12.4m

New product development dominates business activities

- Continue to work towards having Canntab products available for sale in Australia.
- Three premium organic hemp seed oil based skincare products now in pilot production phase.
- Soft-gel oil capsules launched during HY21, and a new wholesale customer to launch a white-label version this quarter.
- White label equine food range now revenue earning.

Our growth opportunity

RESEARCH, PRODUCT INNOVATION AND PRODUCT AWARENESS ARE KEY

- Key to Cann Global's success is building awareness of the benefits of our products and working with relevant legislative bodies in ensuring appropriate access to these products.
- Cann Global has a keen focus on innovation and the pursuit of medical advancement through vital research into the safe use of cannabis for patients, which has the potential to deliver significant upside for shareholders.

Our vision

"Cann Global's vision is to become a leader in the production and distribution of high quality medicinal cannabis and hemp products, as well as plant-based food products."



Industry changes delivering opportunity

Significant regulatory progress for the cannabis industry both within Australia and globally, enhancing revenue prospects for Cann Global's existing business activities, and paving the way for additional commercial opportunities.

- The United Nations Commission on Narcotic Drugs (CND) reclassified cannabis as a Schedule I substance, the least restrictive drug classification.
- On 1 February 2021 changes to the Poisons Standard came into effect allowing CBD products to be sold over the counter in pharmacies once the products have been approved by the ARTG.
- Recent proposed amendments to the Narcotic Drugs Act would streamline the licensing process for businesses and ensure access for patients.
- The Thai Government released its regulatory framework for cultivation and distribution of CBD hemp products and Cann Global are well positioned to immediately capitalise on this significant market opportunity.
- Developments in France are paving the way for the emergence of a thriving cannabis industry.

A hand wearing a blue nitrile glove holds a small glass vial containing a yellow liquid. The vial has a black cap and a label that partially reads "Merino". The background is a blurred laboratory or industrial setting with various pieces of equipment and colorful lights. A semi-transparent blue triangle is overlaid on the left side of the image, containing the text "FINANCIAL PERFORMANCE".

FINANCIAL PERFORMANCE

Financial highlights

Six months to 31 December 2021:

- Revenue was \$0.9m up 29% on pcp (HY20: \$0.7m)
- Food division delivered 0.81mil of group revenue – up 22% on pcp
- Expenses reduced significantly to \$2.2m (HY20: \$3.9m)
- Group reported a total loss of \$2.1m (HY20: \$5.5m)
- Debt free balance sheet following equity conversion of convertible notes
- Cash balance of \$12.4m available for business expansion



Revenue momentum, reduced total expenses

	HY2021	HY2020	% change
	\$	\$	
Revenue from sales	900,459	673,365	29%
R&D Refund	-	23,281	
Total income	900,459	696,646	23%
Cost of goods sold	-734,803	-544,574	
Gross Profit	165,656	152,072	9%
Administrative and corporate expenses	-1,484,662	-2,155,976	
Advertising and marketing	-205,878	-73,072	
Gain/loss on equity settled liabilities	615,397	-308,157	
Directors fees	-351,132	-397,000	
Exploration written off	-308,604	-	
Research costs	-18,660	-1,065,246	
Other expenses	-322,363	-274,610	
Share based payments expense	-146,500	-607,446	
Total expenses	-2,222,402	-3,888,403	-43%
Finance income	73,420	62,228	
Finance costs	-99,507	-1,811,145	
Net finance costs	-26,087	-1,748,917	-98%
Total comprehensive loss	-2,082,833	-5,485,248	-62%

- Total revenue up 29% on PCP and 15% on prior six months
- Gross profit showed a solid 8.9% increase to \$0.17 million, despite a temporary increase in the cost of raw materials during the half year.
- Advertising and marketing costs up as expected, in line with the increase in revenue and to prepare for launch of new products
- Exploration write off relates to bauxite mining tenements as the exploration area has been reduced
- Finance costs have reduced significantly, down 98% on pcp (HY20: -1.7m)
- Total expenses down 43% and total loss of \$2.1m compared to \$5.5m HY20

Admin & Corp costs also includes Legal, Occupancy & Travel Costs

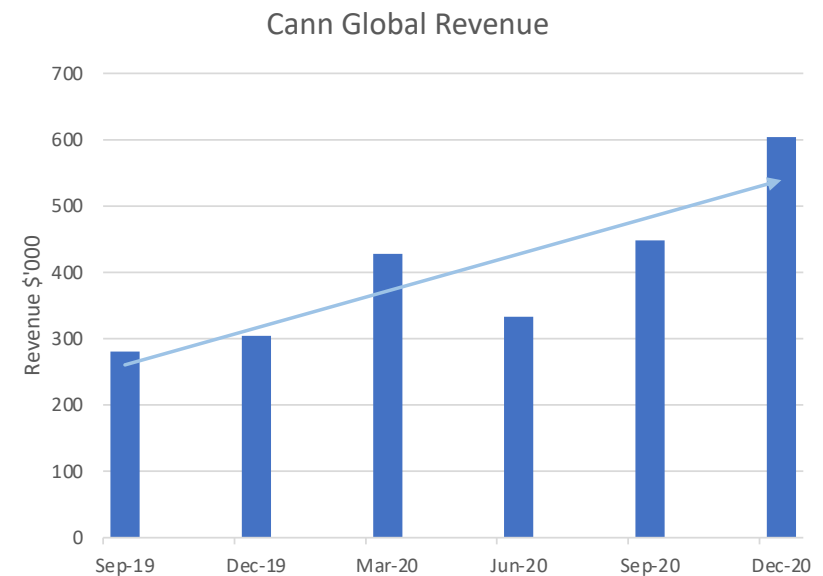
Directors fees are include CGB and MCL directors

Other expenses includes Depreciation & Amortisation, Foreign currency exchange gain/loss realised, Impairment of other receivables & Share of loss in equity-accounted investees

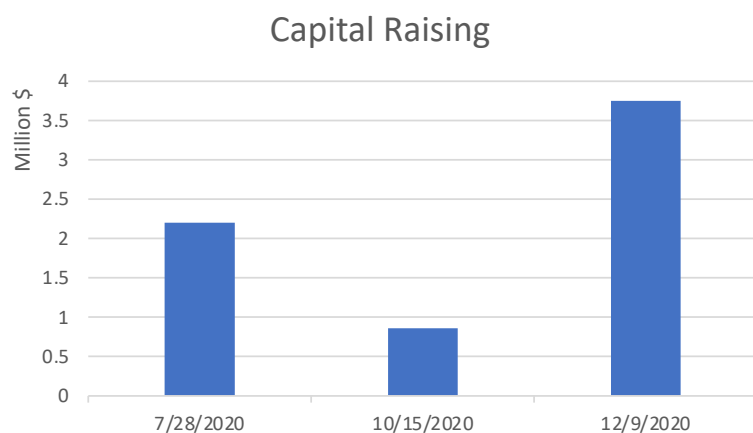


Revenue growth trend accelerating

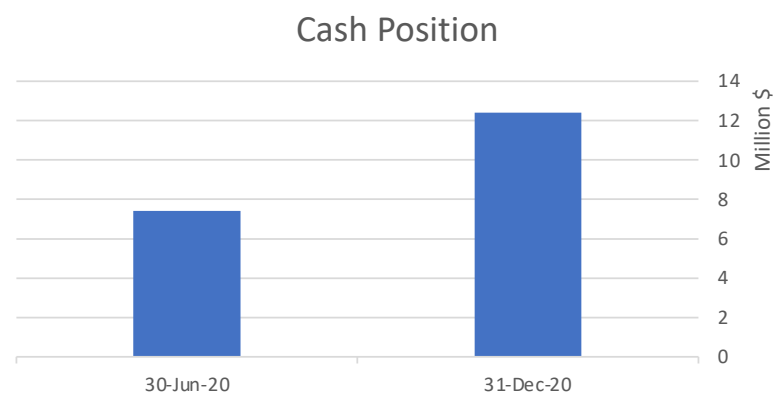
- Current source of revenue (\$0.9m HY21) is from food division sales with a growing contribution from hemp cultivation & processing in Asia
- Solid quarter-on-quarter revenue growth trend expected to accelerate as new medical and skincare products come to market in FY22



Healthy cash position boosted by capital raisings



Funds raised will be used for inventory build, research in Australia, product manufacturing and business expansion



Cash balance increased from \$7.4m at 30 June to \$12.4m at 31 December 2020

DIVISIONAL REVIEW



Our business model

ADAPTS READILY TO THE CHANGING INDUSTRY LANDSCAPE

Value creation through diversification creating business resilience and growth opportunities.

	1. FOOD	2. HEMP CULTIVATION & PROCESSING	3. SKINCARE	4. MEDICINE
Cultivation & Processing		✓		
Product Development	✓		✓	✓
Product Manufacture	✓		✓	
Distribution & Sales	✓		✓	✓
Research Collaboration		✓	✓	✓

Key areas of focus

1. FOOD

Continued focus on production and distribution of healthy and nutritious plant-based food products for Australian and Asian consumers.



2. HEMP CULTIVATION AND PROCESSING

Broad-acre industrial hemp cultivation and processing in Asia where growing conditions are ideal.



3. SKINCARE

Development of unique advanced hemp-based skincare treatment formulations, dermatological and cosmetic beauty products.



4. MEDICINE

Innovative pharmaceutical products developed by our strategic partners for distribution in Australia and targeted global markets.



1. FOOD

- Launched chia soft gel oil capsules with Costco to make these available on-line in March in addition to the range already available in store
- New wholesale distribution customer will launch the chia soft-gel capsules this quarter
- White label sales of equine food has started contributing to sales revenue this quarter
- Exploration of new distribution channels and international markets has been stepped up



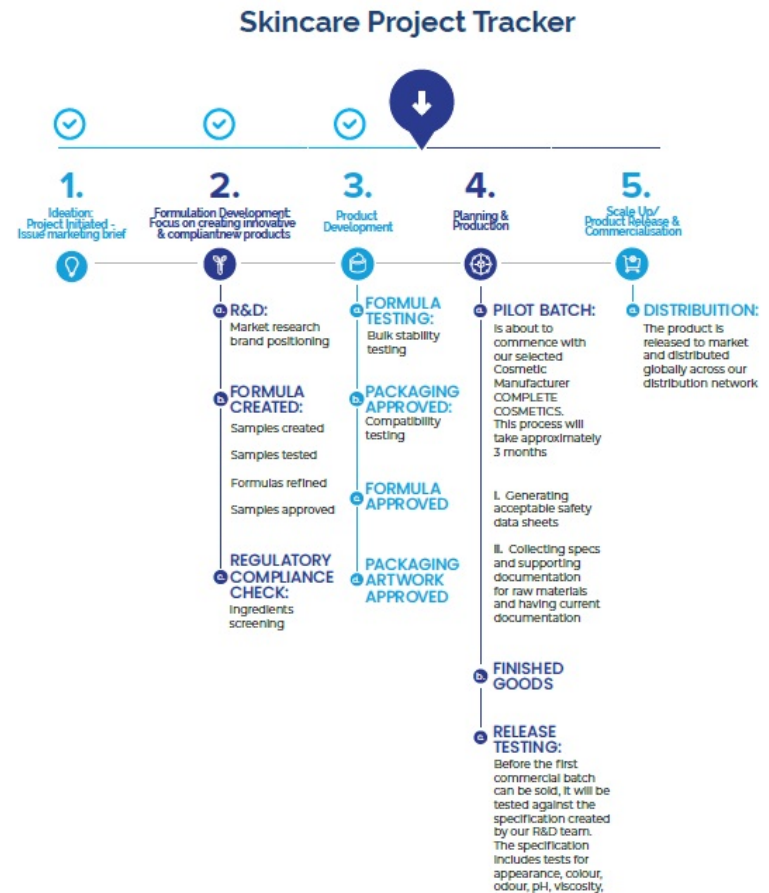
2. HEMP CULTIVATION & PROCESSING

- Cann Global Thailand (CGT) operates a service revenue model providing expertise for Thai companies
- CGT strategically positioned to take advantage of new regulatory framework introduced to support the development of the hemp industry
- Expansion of university relationships involved in the formulation of medical hemp products



3. SKINCARE

- Cann Global’s premium organic range of 100% plant-based (hemp seed oil) skincare products will shortly launch in a pilot production phase
- The three months trial phase will be followed by large scale production
- Sales and marketing teams have commenced discussions with preferred distribution partners in key markets in preparation for the launch
- The skincare range will be sold in Australia and exported to Asia and International markets



4. MEDICINE

- Medical cannabis tablets on track to be available for sale in Australia shortly
- Initially available through the Special Access Scheme B (SAS-B) and Authorised prescriber schemes
- CannTab products to be made available to Applied Cannabis Research (ACR) to support the Cannabinoid Medicinal Observational Study (CMOS), the largest study undertaken in Australia
- Research into the benefits of cannabis use for multiple sclerosis will progress to human trials in Australia



OUTLOOK



Strategic priorities for growth

COST EFFICIENT CULTIVATION AND PRODUCTION



Cost efficient extraction and manufacturing services for pharmaceutical grade products in Thailand in an ideal growing environment

INNOVATION IN PRODUCT DEVELOPMENT



Innovation in product development to meet growing demand for new products including new markets

STRENGTHEN DISTRIBUTION CHANNELS



Strengthen existing distribution channels in Australia and Vietnam. Pursuit of new distribution channels in China, South Korea and Japan.

LEVERAGE GLOBAL PARTNERSHIPS



Leverage global partnership channels through Israel, South East Asia, Europe, North America and South Africa.

MEDICAL ADVANCEMENT THROUGH RESEARCH



Continue to sponsor research which will contribute to medical advancement and innovation in new products including use of our extensive seed bank.

Expect continued business growth momentum

AS NEW PRODUCTS LAUNCH IN 2021 AND ASIA REMAINS A FOCUS

- Positive signs of recovery in a COVID-19 environment, but cautious optimism is appropriate – some challenges remain in managing global businesses
- Regulatory changes by the TGA are pleasing and the company is working through the process of leveraging the benefit of these proposed changes
- Education and awareness continue to be key to building product demand and the company is focused on facilitating this through research programs and course sponsorship
- Confident that Cann Global will continue to experience growth this calendar year with the launch of new products into the Australian market which have been in development phase for some time
- Well positioned with a strong balance sheet to pursue growth opportunities, particularly leveraging changes in the regulatory landscape

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