



## ASX ANNOUNCEMENT

16 October 2024

### Investor Update Webinar Presentation

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**16 October 2024** – Cann Group Limited (ASX: CAN) (**Cann** or the **Company**) is pleased to provide an investor presentation providing investors with information on the Company's strategic growth plans and investment opportunity and providing further information on the Non-renounceable Entitlement Offer, which opened yesterday.

This presentation will be presented by Cann CEO & Managing Director, Jenni Pilcher and Head of Commercial, Carlyn Villani at Cann's investor update webinar on **Thursday, 17 October at 11:00 am** (Melbourne time). Shareholders and interested parties are invited to register to attend the webinar. [\[Click here to register\]](#)

Shareholders are encouraged to participate by submitting questions in advance, to [communications@canngrouponlimited.com](mailto:communications@canngrouponlimited.com).

A recording of the webinar will be available to view at the Company's website after the conclusion of the live webinar.

**Authorised for release by the Company Secretary of Cann Group Limited.**

**For all other information please contact:**

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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 research facilities and corporate headquarters in Melbourne and operates 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](http://www.canngrouponlimited.com) | [www.satipharm.com](http://www.satipharm.com)



# CANN GROUP LIMITED

ASX:CAN

Investor Webinar

17 OCTOBER 2024 – 11:00 am

AT THE FOREFRONT OF MEDICINAL CANNABIS IN AUSTRALIA SINCE 2017



# Disclaimer

**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 and is not an invitation nor offer of securities for subscription, purchase or sale in any jurisdiction. This Presentation should not be considered to be an offer or invitation or a solicitation of an offer to acquire securities or any other financial products and neither this Presentation nor any of its contents will form the basis of any contract or commitment.

## **Future performance and forward-looking statements**

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.

## **Not financial advice or recommendation**

This Presentation should not be considered as the giving of investment or financial advice by Cann nor any of its shareholders, directors, officers, agents, employees or advisers (**Cann Parties**). This Presentation is of a general nature and does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. Any investment decision should be made solely on the basis of your own enquiries. Each party to whom this Presentation is made available must make its own independent assessment of Cann and its securities after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgement, analysis and assumptions and each recipient should satisfy itself in relation to such matters.

# Presenting today

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**Jenni Pilcher**  
CEO and Managing Director



**Carlyn Villani**  
Head of Commercial





# CANN GROUP

Est. 2014 in Australia  
ASX:CAN

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Cann Group is proud to be the first Australian company to have been issued with a Cannabis Research Licence and Cannabis Cultivation Licence to grow and produce cannabis for medicinal purposes by the Australian Government's Office of Drug Control in February and March 2017 respectively.

Our flagship Mildura facility was fully commissioned in 2022, and is world class with a level of automation and sophistication of its continuous cropping system that sets Cann apart from its competitors.

Cann's Botanitech brand, strong customer relationships, collaboration agreements, and research and commercialisation agreements gives Cann a leading edge in this industry.



# Mildura facility secures strong competitive advantage

Cann Group's Mildura facility is arguably 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
- Year-round production
- In-house analytical chemistry and microbiology laboratories
- GMP licence for contract manufacturing and packing
- Automated plant movement conveyors and plant propagation systems
- 14-head automatic filling system for flower with Pre-CheQ weight analyzer for high accuracy
- Manufacturing and encapsulation capability & IP





# Breeding program

First-round of seven shortlisted Cann Group breeding candidates developed in collaboration with Ag-VIC as part of the “CRADA” program are currently in the final stages of commercial assessment at Cann’s Mildura Facility. A selection of these shortlisted candidates became available for sale in Q1 (CY)2024.

These genetics have been shortlisted following an intensive phenotyping and chemo-typing process on-site at Cann’s Northern Facility and patient desirables assessment covering aroma and bud aesthetics.

Genetics will take part in a patient assessment study following initial small-scale Mildura crops before final commercial selection.

The second round of breeding candidates are currently in the late stages of their phenotyping and chemotyping at Cann’s Northern facility. Successful candidates from this breeding round will be available for commercial release in late 2024.

These genetics include next-generation crosses of Cann’s “Rhea” strain currently in the flower portfolio of two of Cann’s key white-label customers and Cann’s Botanitech label

Cann’s shortlisting process focuses on key “patient desirables” which drive growth of the Australian Medicinal Cannabis market:

**1**  
**Flavour**  
*aroma & taste*

**2**  
**Bud aesthetics**  
*trichome coverage, bud structure, bud size, colour*

**3**  
**Genetic lineage**  
*“the story”*

**4**  
**Bud consistency**

**5**  
**Total terpene percentage**

**6**  
**Target cannabinoid potency**

# Imported strains

# 1

Cann's breeding program sits alongside an aggressive seed importation and phenotyping program targeting the leading breeders in North America.

Genetics have been sourced as traceable "breeder packs" from various leading breeders to guarantee authenticity in a market dominated by inauthentic / copycat genetics.

# 2

The first import of 17 new strain lots has now all completed phenotyping and awaiting final chemotyping results.

Patient desirables assessment has been completed on the first cycle selected from this lot, and the first delivery to Mildura of shortlisted candidates occurred in Q1 (CY) 2024.

# 3

The second import of 20 new strain lots has been germinated at Cann's Northern Facility and is in the process of developing mature mother stock required to commence phenotyping activities.

Successful candidates from this import will be available for commercial release later this year.





# Botanitech (own-brand) heads up a diverse product range



Local manufacture and supply of dried flower & oils (white label)

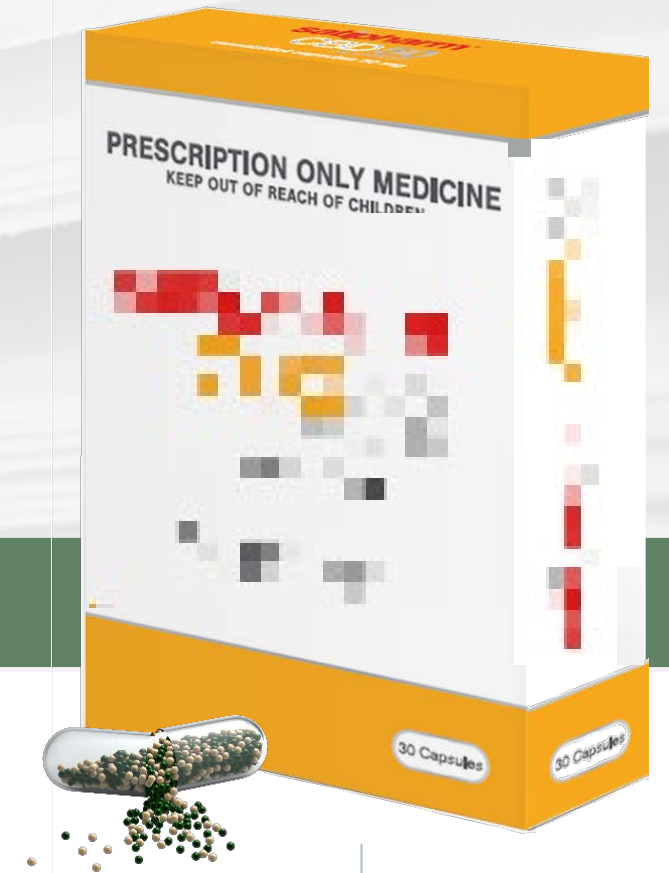


**Botanitech** dried flower, oil and vapes

Multiple SKU's with various THC and CBD combinations



Bulk dried flower (sold to manufacturers & compounders)



**Satipharm** – CBD, THC & balanced\* capsules featuring patented Gelpell technology

*\*CBD capsules available, THC & balanced (THC/CBD) capsule under development – expected to be available from December 2024*



# Contract services offered at cGMP facility



## Contract growing

- ODC permit for genetic stock, cultivation and production of medicinal cannabis
- Located near Mildura, microclimate-controlled protected cropping facility (glasshouse)
- Able to cultivate from Cann's library of genetics and/or from genetics sourced by customers
- Cann adheres to GACP guidelines applying well established horticultural methodology for consistent yield and quality
- Hang drying, and curing processes
- On-site cGMP analytical chemistry & microbiology laboratory

## Contract packing services

- cGMP manufacturing facility
- Licensed to produce Active Pharmaceutical Ingredients and Finished Dosage forms including dried herb and hard capsules
- Contract biomass packing with both hand fill and mechanical fill capabilities
- Mechanical capability utilising Paxiom Primocombi 14-head automatic filling system for flower with Pre-CheQ weight analyser for high accuracy
- Capability for >6000 units in single shift
- Validated for multi jar sizes and capping with induction seals
- In house batch printing and jar labelling capability

## Contract laboratory services

- Onsite cGMP (TGA) certified laboratory
- TGO93 (Medicinal Cannabis Standard) testing including Analytical and Microbiology
- Range of equipment capability to support TGO93
- Laboratory Information Management System (LIMS)
- ICH stability studies capability
- Experienced scientists



# Market overview

- 2-2.4 million Australians use more than 650 tonnes of cannabis each year both legally and illegally
- Legal Medicinal Cannabis (MC) market is now exceeding 100 tonnes per year
- Current MC value is estimated to be between \$500-\$700 million at a patient level, growing around 25% YoY

## Market size and forecasting

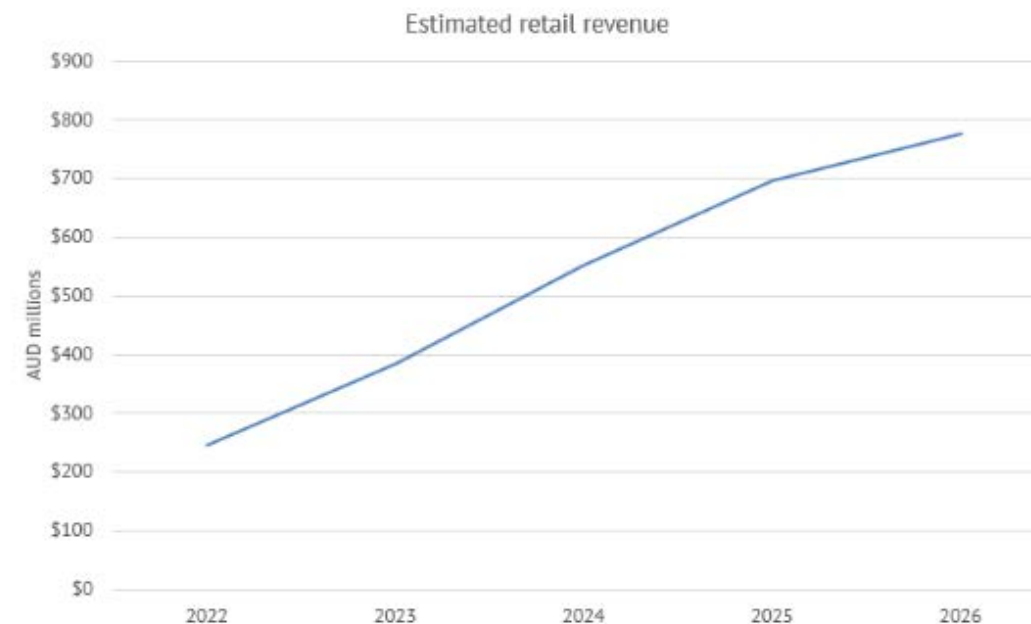
### Growth rate and price movement assumptions

#### Retail revenue estimates:

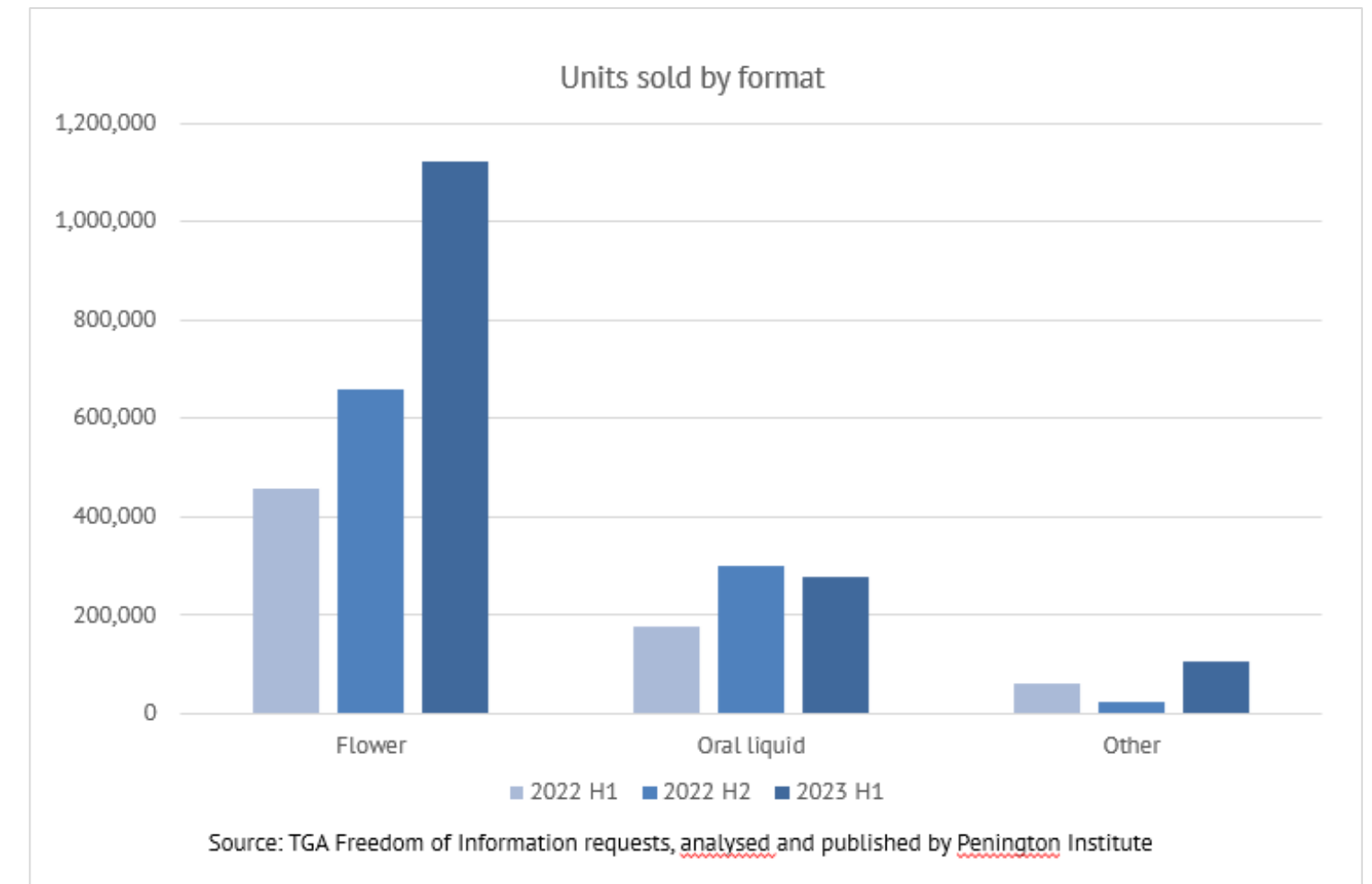
- 2023: ~\$380 million
- 2026: ~\$770 million

#### Data limitations:

- The future is uncertain



Source: Cassandra Hunt, Rhys Cohen



Source: TGA Freedom of Information requests, analysed and published by Penington Institute



# Growth drivers

## Improved perception & locally grown quality

- Improving perception of role of MC for treating a variety of medical conditions; and
- Improving reputation of Australian grown product leading to Increased number of prescribers - providing greater patient access

## Regulation & law changes

- TGA regulation changes could restrict cheaper imports
- Changes to driving laws allowing prescribed use of MC
- Improved coordination of growers' representation to government

## Increasing number of delivery forms

- Alternative forms to inhalable flower and oils – for example capsules, edibles, vapes, is driving greater demand
- More and more recreational users are converting to MC for better quality, consistency

## Export markets

E.g.

- UK
- Germany
- Poland





# Cann poised to seize growing market opportunity

Expertise	GMP facility	Established customer base & commercial pathways	Cutting edge R&D program
<ul style="list-style-type: none"> <li>• Strong knowledge of, and reputation with, regulatory agencies (e.g. TGA, ODC)</li> <li>• Experienced staff from cultivation, manufacturing and commercial</li> <li>• Preferred employer in Sunraysia region with local TAFE/Uni connections</li> </ul>	<ul style="list-style-type: none"> <li>• Full cultivation and GMP manufacturing capabilities on site for dried flower (excl. Irradiation)</li> <li>• ~10 tonne per annum operational capacity with multiple crops simultaneously, with expansion opportunity</li> <li>• Table growing allows for maximum flexibility</li> <li>• Hang drying has realised efficiencies and resulted in a higher quality product</li> <li>• Multi-head filler automation provides efficiencies and less variability</li> </ul>	<ul style="list-style-type: none"> <li>• Established pathways to market – Botanitech, White Label, Bulk flower</li> <li>• Own-brand “Botanitech” gaining market share</li> <li>• Diverse product portfolio eg dried flower, oils, vapes, capsules</li> <li>• Contract services (cGMP) gaining traction: <ul style="list-style-type: none"> <li>• Growing</li> <li>• GMP packing &amp; storage</li> <li>• Lab testing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Long-term affiliation with LaTrobe University and AgVic for R&amp;D</li> <li>• Imminent launch of multiple new high-quality genetics matched to market needs</li> </ul>



REVENUE

\$15.73M

↑ 11.6% YOY

PRODUCTION

4.4 TONNES

↑ 100% YOY

EBITDA LOSS

(\$13.2M)

24.1% IMPROVEMENT YOY

OPERATING EXPENSE RATIO

128%

10% POINTS IMPROVEMENT YOY



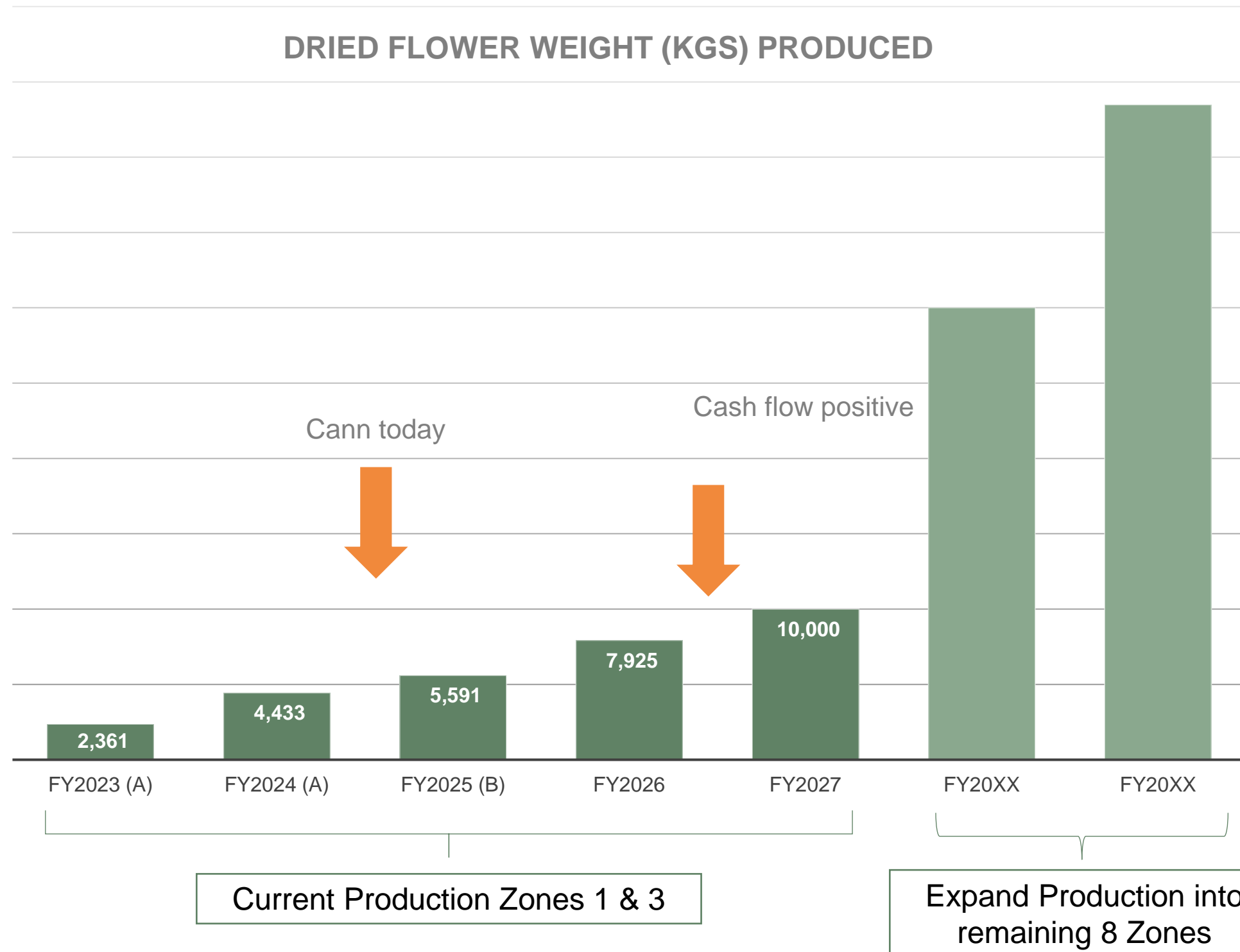
# FY2025 growth plan to deliver positive EBITDA is underway

Focus on quality inhalable flower to meet market expectations	Move from 3 cultivars to a 10-12 cultivar portfolio	Expand Botanitech range	Enhance non-inhalable flower product range	Maximise margins with efficiencies & cost control
Cultivation/drying/curing standards are constantly being enhanced to deliver high quality medicinal cannabis	New candidates are continually being advanced at Cann's Northern facility, with certain cultivars expected to be commercially available late 2024	Importing highest quality product to meet craft segment (curated range)	Launch of high quality imported vapes July 2024	Focus on cost-control following restructure (March 24) which has generated \$3m+ (pa) in savings
Ensure highest terpenes, terpene combinations, bud size, appearance and cannabinoids	The range is regularly refreshed via our portfolio	Intermediate discount range (INC and Value) launched to capture growing market segment	Cheaper sourced isolate makes oil range more affordable	Hang drying implementation means less casual labour and a higher quality product
		Grow channels/prescriber base via expanded commercial team	Newly developed THC containing Satipharm presentations (release December 2024)	Multi-head filler automation will reduce the need for manual filling



# Path to profitability & beyond

Increasing production to 10 tonnes per annum by FY2027 will ensure strong revenue growth and profitability at an average selling price of \$3.45 per gram (FY2024). Facility expansion into remaining zones will further accelerate revenue growth.



~20% of the Mildura glass house with a 10-tonne (approx.) production capacity. is operational today



*\*requires further expansion capital and investment*



# Outlook

Increased revenue opportunity medium term via expansion into Mildura facility additional 8 zones



Progressing the **scale** and **quality** of production. Aim to meet 9-10 tonne of production per annum FY2027 within existing 2 zones



**Extending portfolio** range to meet market demands, via our extensive R&D breeding program



Continuing our path towards EBITDA **profitability (FY2025)** & **cash flow positive (FY2026)**



# Investment highlights



## Research & development

Local genetic breeding, and seed importation and phenotyping, programs in our R&D facility



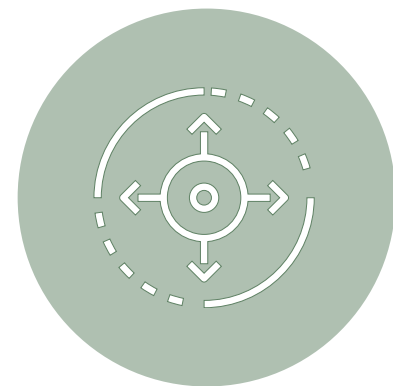
## Mildura GMP facility

Cann's GMP indoor facility has unique year-round, multiple production run, & automated filling capabilities



## Board & management

Management with multi-industry experience and results driven



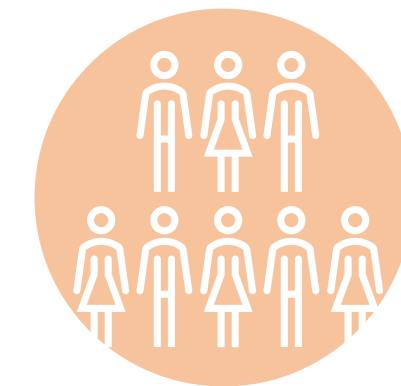
## Multiple revenue streams

Cann has multiple product lines & service offerings generating multiple revenue streams



## Revenue growth year on year

Cann has been growing its revenue for the past 5 years and with clear line of sight to EBITDA positive



## Growing market in Australia

The demand for locally produced, high quality, GMP medicinal cannabis continues to increase in Australia



# NON-RENOUNCEABLE RIGHTS ISSUE

CLOSING DATE: 24 OCTOBER 2024 (5:00 PM)

Offer Price	4 cents per share
Entitlement	1 share for every 3 shares held
Options	1 option for every 3 shares subscribed for
Raise (max)	\$6.25 million (before costs)



# Use of funds (if offer is fully subscribed)

Use of funds	AUD millions
Importation program for Botanitech curated range	1.00
Manufacturing costs for Botanitech oil range	0.75
Cultivation costs for dried flower	1.56
Repayment of partial principal & interest on loans	1.97
Costs (approximate) of the offer	0.19
Working capital	0.78
<b>Total use of funds (if offer is fully subscribed)</b>	<b>6.25</b>

*Please refer to the Prospectus lodged with ASIC and ASX on 7 October 2024 for further details*



# Offer timetable

Date	Event
Monday, 7 October 2024	Entitlement offer is announced
Wednesday, 9 October 2024	Ex date
Thursday, 10 October 2024	Record date
Tuesday, 15 October 2024	Personalised entitlement form dispatched to Eligible Shareholders and Entitlement Offer opens
Thursday, 24 October 2024 (5:00pm Melbourne time)	Entitlement offer closes
Tuesday, 29 October 2024	Announcement of results of entitlement offer
Thursday, 31 October 2024	Settlement and issue of New Shares and New Options issued under the Entitlement Offer
Friday, 1 November 2024	Anticipated 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.*

# Offer summary

Offer structure and size	Cann Group is conducting a one (1) for three (3) non-renounceable rights issue with one (1) free attaching option for every three (3) shares purchased ("Offer") to raise up to \$6.25m before associated costs.
Offer price	\$0.04 per share
Option exercise price	\$0.08 per share
Option expiry date	24 months after the issue date
Is there a Top-up facility?	Yes. Shareholders who fully subscribe for their entitlement under the Offer may take up additional shares under the Top-up Offer.
Other information	<ul style="list-style-type: none"><li>• Open to existing shareholders with a registered address in Australia or New Zealand at 7:00pm Thursday, 10 October 2024.</li><li>• The Offer opened 15 October 2024 and will close 24 October 2024 (5pm) unless varied by the Directors.</li><li>• The Offer is not underwritten.</li><li>• Approximately 156 million New Shares and 52 million New Options will be issued under the Offer if fully subscribed</li><li>• Upon invitation from the Company or the Lead Manager other investors may apply for Short Fall Shares.</li></ul>
Lead manager	Alpine Capital Pty Ltd



# THANK YOU QUESTIONS?

Jenni Pilcher

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