

ASX ANNOUNCEMENT

28 August 2023

Investor presentation

28 August 2023 – Cann Group Limited (ASX: CAN) (**Cann** or the **Company**) is pleased to invite shareholders, investors and interested parties to an investor update webinar and Q&A with CEO, Peter Koetsier, to outline the Company's FY23 financial results.

The webinar will be held **today, Monday 28 August 2023 at 11:00am** (Melbourne, Australia time).

For the Q&A session, investors are invited to send questions prior to the webinar to:

contact@canngrouponlimited.com

Register for the webinar at the following link:

https://us02web.zoom.us/webinar/register/WN_pQ57h89FQP2GHneoe4hpZA

After registering, you will receive a confirmation email containing information about joining the webinar. A full recording of the webinar will be available on the Company's website shortly after the conclusion of the live session.

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

Authorised for release by the Board of Directors, 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 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 | www.satipharm.com

Growing a better life.



CANN
GROUP LIMITED

Investor presentation | 28 August 2023

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

- 1 FY 2023 Highlights
- 2 Operational Review
- 3 Financial Results
- 4 Mildura Update
- 5 Strategy & Outlook for FY 2024
- 6 Appendix



FY 2023 Highlights

Doubled sales to
\$13.78 million



Substantial growth in
production, quality
and range



May 2023, planted
double the crop area
of previous harvests



Cann signs
significant variation
with key customer



Cann successfully
raises \$8.18 million
via SPP (Dec 2022)

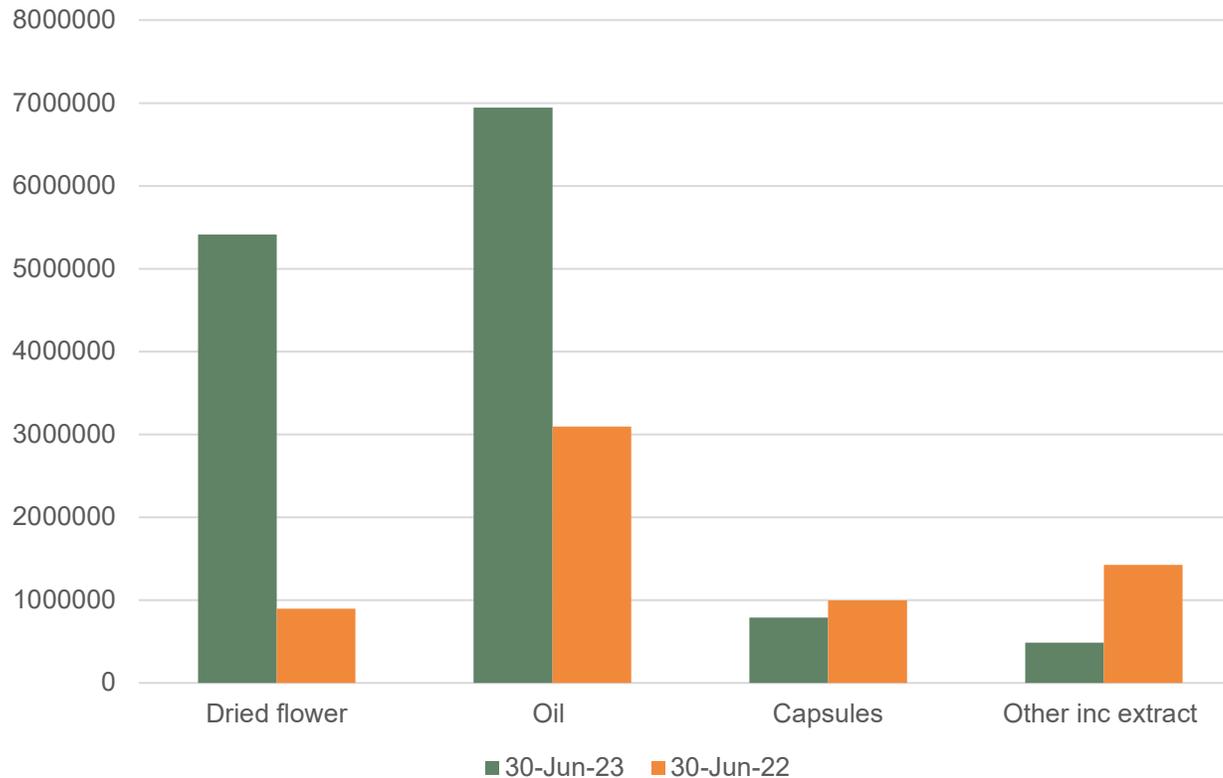


Sale of Southern facility

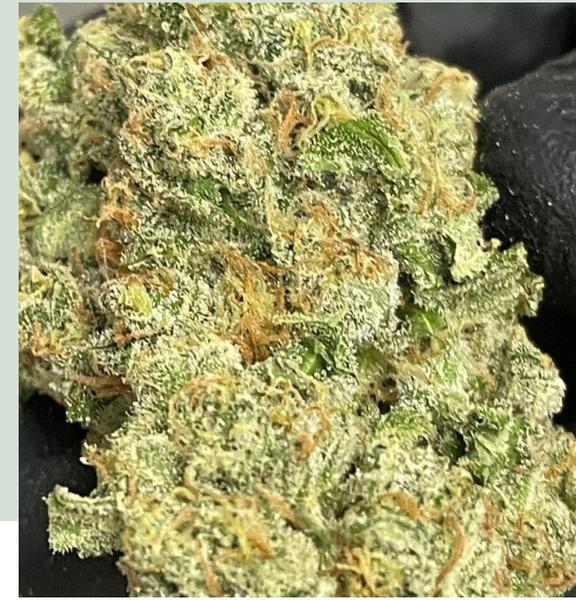


Commercial Operations: Sales more than doubled to \$13.78 million

REVENUE BY PRODUCT COMPARISON TO PRIOR YEAR



- Fulfilment of repeat orders from large B2B customers has facilitated rapid growth
- Strong market demand saw dried flower products revenue increase by 503% on FY22
- 80,165 oil bottles sold, representing a 159% increase on units sold in FY22
- 81,854 patient-ready dried flower bottles sold, representing a 308% increase
- Some of the commercial highlights for FY23 included:
 - The delivery of the Company's first shipment of dried flower to Germany in April
 - A variation agreement signed with Levin Health for the supply of medicinal cannabis products worth approximately \$880,000 to December 2023
- Cann completed the settlement of its Southern facility to SatiVite Pty Ltd on 1 March 2023



Mildura Update

- Mildura facility progressed from concept, through construction and development phase, to now focus on scale and quality of production
- Cann planted the largest commercial crop area in the Company's history in May 23
- On track to reach a 9-tonne annualised rate in the second half of FY24, and annualised rate of 12.5 tonnes in FY25
- Staff headcount at Mildura facility has increased by 197% over the past 12 months to meet needs of increased production
- Employer of choice in the Sunraysia region



Cann's Evolving Focus

- The benchmark in breeding, cultivating, manufacturing and supplying medicinal cannabis in Australia and globally
- Pursuing a full-service business model with supply agreements, collaboration agreements, resources and capabilities
- As we increase production, we expect to create economies of scale resulting in improved margins
- Extensive experience of Board and management has the Company well-equipped to realise its vision of becoming the largest and most innovative medicinal cannabis cultivator and manufacturer in Australia



Financial Results

Financial Results

	FY23 000's	FY22 000's	Mvt	% Mvt
Revenue from operating activities	13,777	6,411	7,366	115%
Other income	7,898	4,827	3,071	64%
Operating expenses	(40,347)	(31,081)	(9,266)	(30%)
EBITDA	(18,672)	(19,843)	1,171	6.4%
Finance costs	(3,158)	(1,828)	(1,330)	(73%)
Depreciation and amortisation	(11,960)	(4,797)	(7,163)	(149%)
Loss after tax	(33,790)	(26,468)	(7,322)	(28%)
Earnings per share (cents)	(9.08)	(7.90)		
Cash at 30 June 2023	0.765	1,914		

- Sales revenue was \$13.78m representing an increase of 115% on the prior financial year.
- Total revenue for the year of \$21.68m.
- R&D Tax Incentive refund of \$3.4m accrued for FY23. Expected to be received in first half of FY24.
- Increased operating expenses attributable to scale up of commercial operations, increased headcount at Mildura and significant one off costs associated with the S3 clinical trial.
- EBITDA improved 6.4% from the prior year as the Company implemented a cost optimisation strategy to improve margins of its products.
- Increased interest expenses in line with expectations with recent interest rate rises.
- Depreciation cost increased significantly as the Company began to amortise the Mildura facility.
- Cann closed the year with \$0.765m cash in the bank. Notable expenditure items included S3 clinical trial, additional hires and costs associated with the finalisation and commissioning of Mildura.

The Evolution of Cann's Focus



2017-2021

The vision

- Project management and construction to enable larger yields of cannabis



Late 2021 – Mid 2022

Laying the foundation

- Practical completion of the site
- Commissioning of equipment
- Obtaining requisite licensing
- Recruiting talent



Early 2022 – End 2022

Growing into the facility

- First plants transferred to Mildura
- Site is operational and systems, processes and efficiencies are being developed



First half 2023

Scaling up

- Increasing all areas to maximise efficiency of scale for greater yield, productivity and quality



Second half 2023 & beyond

Continued growth

- Reach full capacity of site
- Profitability / increased revenue
- Employer of choice in the Sunraysia region
- Benchmark in medicinal cannabis in AU and globally

Leadership Update

- Considerable change in leadership in the last 12 months
- Experience and skill of new personnel aligned with needs of the Company in its current growth phase
- Board and management succession and renewal process synchronises with the transition of Cann's business to a more commercial focus



Allan McCallum AO

Announced his intention to retire as Chairman of the Board in the first quarter of the 2024 financial year



Dr Julian Chick

Appointed Deputy Chairman 27 June 2023.
Dr Chick has served as a director on Cann's board since 26 October 2022



Peter Koetsier

Appointed Chief Executive Officer in January 2023



Deborah Ambrosini

Appointed Company Secretary on 25 October 2022 in addition to her role as Chief Financial Officer, which she has served since September 2021

Investment Case | Key Messages

1. **First mover and competitive advantage** with state of the art, fully licensed facility able to scale quality supply
2. Substantial **unmet demand** for reliable, locally produced quality product
3. Executing strategy with business shifting to operational expenditure from capital expenditure - **annual capex down ~80%**
4. Additional capital enables Cann to accelerate scale-up, **targeting current capacity by end of FY25**
5. Scale secures efficiency and margin benefits - **operating leverage**
6. Reaching production capacity (12.5t pa) at Mildura is **expected to achieve EBITDA profitability**
7. Strong **revenue growth momentum** with 2H23 up 32% on 1H23 and FY23 up 111% on FY22
8. Range of **current and pipeline products** addressing different market segments, including proprietary Satipharm platform
9. **New management** team with strong commercial credentials and a focused growth strategy to execute and generate **returns for shareholders**

Strategic Outlook for FY 2024

In FY 2024, Cann's growth strategy will focus on three key areas:



Progressing the **scale** and **quality** of production



Extending portfolio range to meet market demands



Continuing our path towards EBITDA **profitability**



Q&A



Contact

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Appendix A | Consolidated Statement of Profit & Loss and Other Income

For year ended 30 June 2023

	Note	30 June 2023 \$'000	30 June 2022 \$'000
Revenue from customer contracts	5	13,777	6,411
Other income	5	7,898	4,827
Total revenue and other income		21,675	11,238
Expenses			
Administration and corporate costs	6	(34,782)	(27,697)
Research and development costs		(4,289)	(2,991)
Depreciation and amortisation expense		(11,960)	(4,797)
Total expenses		(51,031)	(35,485)
Loss before finance costs, investment loss, and income tax expense		(29,356)	(24,247)
Finance costs		(3,158)	(1,828)
Loss on fair value of investment		(1,276)	(393)
Loss before income tax expense		(33,790)	(26,468)
Income tax expense		-	-
Loss after income tax expense for the year		(33,790)	(26,468)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		41	(138)
Other comprehensive income/(loss) for the year, net of tax		41	(138)
Total comprehensive loss for the year		(33,749)	(26,606)
		Cents	Cents
Basic loss per share	19	(9.08)	(7.90)
Diluted loss per share	19	(9.08)	(7.90)

Appendix C | Consolidated Statement of Financial Position

For year ended 30 June 2023

	Note	30 June 2023 \$'000	30 June 2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		765	1,914
Trade and other receivables	7	5,643	4,158
Prepayments	8	2,105	1,641
Inventories	9	11,406	10,673
Biological assets	10	790	782
		20,709	19,168
Non-current assets classified as held for sale	11	493	–
Total current assets		21,202	19,168
Non-current assets			
Property, plant and equipment	12	107,396	117,929
Intangible assets	13	215	1,462
Trade and other receivables	7	514	–
Financial assets at fair value through profit or loss		139	743
Prepayments		–	85
Right-of-use assets		–	276
Total non-current assets		108,264	120,495
Total assets		129,466	139,663

	Note	30 June 2023 \$'000	30 June 2022 \$'000
LIABILITIES			
Current liabilities			
Trade and other payables	14	7,853	6,519
Contract liabilities		435	162
Lease liability		–	304
Employee entitlements	15	817	815
Borrowings	16	15,290	3,500
Total current liabilities		24,395	11,300
Non-current liabilities			
Employee entitlements	15	135	99
Borrowings	16	45,675	43,361
Total non-current liabilities		45,810	43,460
Total liabilities		70,205	54,760
Net assets		59,261	84,903
EQUITY			
Issued capital	17	177,368	169,425
Reserves	18	123	(82)
Accumulated losses		(118,230)	(84,440)
Total equity		59,261	84,903

Appendix B | Consolidated Statement of Cash Flows

For year ended 30 June 2023

	Note	30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities			
Receipts from customers		13,534	7,601
Payments to suppliers and employees		(41,347)	(31,028)
Interest received		1	1
Other income received		4,977	2,993
Net cash used in operating activities	25	(22,835)	(20,433)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(3,101)	(45,164)
Proceeds from disposal of land and buildings		3,073	–
Net cash used in investing activities		(28)	(45,164)
Cash flows from financing activities			
Proceeds from issue of shares net of expenses	17	7,915	17,921
Proceeds from borrowings		17,603	46,861
Repayment of borrowings		(3,500)	–
Repayment of lease liabilities		(304)	(376)
Net cash from financing activities		21,714	64,406
Net decrease in cash and cash equivalents		(1,149)	(1,191)
Cash and cash equivalents at the beginning of the financial year		1,914	3,105
Cash and cash equivalents at the end of the financial year		765	1,914