

ASX ANNOUNCEMENT**29 August 2022****Cann Group releases FY22 results**

- **Revenue from sales of \$6.41 million, representing a 49% increase on revenue from FY21**
 - **Mildura facility operational, with ODC and GMP licences in place**
 - **First commercial harvest from Mildura facility completed in June 2022**
 - **S3 registration project continues with phase III clinical trial underway and exclusive agreement entered into with Hialeon (formerly GSK Consumer Healthcare)**
 - **Successful capital raise of \$18.69 million completed during reporting period, along with establishment of a new \$15 million working capital facility**
 - **Continued outputs from research program producing new, high-yielding cultivars for patients**
 - **Clear focus on commercial activity and revenue growth**
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29 August 2022 – Cann Group Limited (ASX: CAN) (**Cann** or the **Company**) today released its financial results for the financial year ending 30 June 2022.

The Company reported revenue from sales of \$6.41 million (FY21: \$4.29 million), representing a 49% increase to the prior corresponding period. The Company reported an operating loss after tax of \$26.47 million (FY21: \$25.10 million). As previously announced, Cann received a R&D tax rebate of \$2.2 million for the FY21 R&D expenditure during the reporting period. An accrual of \$1.8 million has been raised for the FY22 R&D expenditure to March 2022.

Revenue growth was driven by increasing domestic demand for medicinal cannabis products, including dried flower products. Cann completed its first GMP release of dried flower products from its Southern facility in March, which was licensed by the Therapeutic Goods Administration (TGA) in January 2022. Cann has increased production of its high THC cultivars to help meet this demand leaving Cann well positioned to leverage its scale and capacity at Mildura to service this trend.

Cann's flagship Mildura facility is now operational, with practical completion occurring in March 2022 and the Office of Drug Control (ODC) granting the necessary permit to commence cultivation in early April 2022. Starting genetics were then transferred to Mildura and the first commercial crop was harvested at the site in June. This was shortly followed by the TGA issuing a GMP licence, allowing the Mildura facility to cultivate, extract, manufacture, test and supply medicinal cannabis products in-house. Extraction equipment and Satipharm manufacturing lines have been installed, validated and are operational, and Mildura's

analytical chemistry and microbiology labs are now GMP-licensed to conduct product quality and regulatory compliance tests. With this commercial capacity now in place, Cann is positioned to focus on revenue generation to take advantage of the investment in this facility.

During the reporting period, Cann leveraged its acquisition of the Satipharm patent-protected CBD capsules by investing in a phase III, randomised, placebo-controlled clinical trial for the short-term treatment of sleep disturbances to support its ARTG registration application for a Schedule 3 (over-the-counter) medicine. The results of the trial are anticipated to be released publicly later in 2022.

In April 2022, Cann announced an agreement to grant Haleon plc (formerly GSK Consumer Healthcare), a global leader in over-the-counter medicines, exclusive evaluation rights for the distribution of Satipharm CBD capsules in Australia. During the period of exclusivity, Haleon will undertake an evaluation of the commercial potential and will review the results of the clinical trial. In parallel, the parties will enter into negotiations on a definitive exclusive agreement for the marketing, sale and distribution of the Satipharm CBD product in Australia. Haleon also has potential interest in first rights to negotiate exclusivity periods to assess its interest in taking up commercialisation rights for markets outside of Australia.

Cann completed a capital raising of \$18.69 million during the reporting period, by way of a \$10 million placement in July 2021, followed by a \$8.69 million Share Purchase Plan completed in October 2021. The proceeds from the capital raise have been used to expedite and strengthen Cann's in-house extraction, laboratory and manufacturing capabilities. Further, Cann has also been able to secure a new \$15 million working capital facility with the National Australia Bank, as well as successfully renegotiating the terms of the Company's existing \$50 million debt facility, reducing the drawn marginal rate and facility fee.

The Company's research projects have produced a suite of exclusive, novel, high-yielding cultivars that have expressed substantially higher levels of THC, as well as improved resilience and plant health. This has expanded Cann's dried flower inhalable product selection and decreased production costs. An elite high-CBD cultivar is also undergoing commercial trials. During the reporting period, Cann's partnership with La Trobe University benefited from the successful grant of \$5 million from the Australian Government's *Regional Research Collaboration Program* in April 2022 to fund a number of projects including the implementation of new imaging technology at the Mildura facility to improve crop yield and sustainability.

Cann Group has commenced FY23 financial year with a clear focus on building sales revenue, while continuing to progress the Satipharm phase III clinical trial. Additional resources will be allocated to commercial activities, while the operational platform is streamlined to fully capitalise on Mildura's capacity, technology, and cost of production advantages. The Company is undertaking a review of its operations to maximise the opportunities from the Company's new state-of-the art Mildura facility.

Cann's CEO, Peter Crock said *"The 2022 financial year has been yet another significant and busy year, which included the completion of construction of our flagship Mildura facility, which is now operational. The Mildura project represents a substantial investment and an asset that must be fully utilised to capitalise on its capabilities and production efficiencies. When operating at near capacity, Mildura provides a cost base that makes Cann globally competitive and facilitates a step-change in margins and profitability."*

"We now see opportunities to streamline our operations and consolidate activity at Mildura, while ensuring we fully resource our sales and marketing in an effort to quickly build revenue."

Investor webinar

As advised to the market on 24 August 2022, Cann will hold an investor webinar and Q&A session today, Monday 29 August 2022 at 11.00am (Melbourne time).

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

matt@nwrcommunications.com.au

Register for the webinar at the following link:

https://us02web.zoom.us/webinar/register/WN_U-r7yWicQqWHhYGy_Wuz6Q

Authorised for release by the Board of Directors of 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 built world-class research, cultivation and GMP manufacturing facilities in Melbourne, and 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