

# Investor Presentation September 2019



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# Investment Summary

## AusCann is an Australian Pharmaceutical Company focused on cannabinoid-based pharmaceuticals

- **A Pharmaceutical Company:** Engaged in product innovation and clinical partnering within the emerging multi-billion-dollar medical cannabis growth sector. Possessing superior product development capabilities, medical education and customer engagement. Outsourcing raw material supply, manufacturing and distribution to top quality global suppliers.
- **Strategy:** Develop proprietary products and the clinical evidence to address unmet medical needs and improve patient lives. Provide standardised and dosage controlled cannabinoid-based pharmaceuticals targeting a broad spectrum of indications and supported by evidence-based data. Strategy execution will lead to trust, brand loyalty, increased patient access, volume and value growth.
- **Road to Market:** All required Australian licenses received. Proprietary capsules developed and are expected to be released to clinics for trials towards the end of 2019.
- **Funding:** Funded into FY2020 to execute strategy with over \$35M in cash as of 30 June 2019.
- **Focused Capital Allocation:** Product development, collaboration with the health care providers to generate clinical evidence, product commercialisation with targeted customer education programs.
- **Experienced Medical and Pharmaceutical Team:** Backed with global strategic partnerships to execute growth

# Corporate Overview

## Corporate Structure

- ASX code: AC8
- Listed: February 2017
- Shares issued: 316,997,357
- Share price: \$0.38\*
- Market capitalisation: \$120M
- Enterprise value: \$86.3M
- Largest shareholder:  
Canopy Growth Corporation  
13.2%

• As at 09 September 2019



**Dr Mal Washer**  
**Founding Chairman**

- Medical doctor
- Previous member of the Australian House of Representatives
- Former chair of the Alcohol and Other Drugs Council of Australia



**Hon Cheryl Edwardes**  
**Non-executive Director**

- Former Attorney-General for Western Australia
- Former Minister for the Environment
- Prior Executive General Manager for External Affairs, Government Relations and Approvals at Hancock Prospecting



**Mr Ido Kanyon**  
**Chief Executive Officer**

- Highly experienced global pharmaceutical executive
- Former senior executive at Teva Pharmaceuticals where he successfully developed and launched innovative medicines globally



**Bruce McHarrie**  
**Non-executive Director**

- Experienced senior executive with a background in the life science industry
- Former Chief Financial Officer at Australian medical research institute Telethon Kids Institute



**Dr Paul MacLeman**  
**Executive Director**

- Over 25 years' board and executive experience for commercialisation of pharmaceutical products
- Chair of AdAlta, Livac, and Non-Executive Director of Sypharma



**Dr Marcel Bonn-Miller**  
**Non-executive Director**

- Global Clinical Scientific Director of Spectrum Therapeutics, the medical division of Canopy Growth Corporation
- Extensive world-class experience in cannabinoids research, pharmaceutical development and clinical trials worldwide

# Agenda

▶ Medical Cannabis Opportunity

AusCann Strategy

AusCann's Business and Growth Outlook

# Medical Cannabis is a growing global market

Medical Cannabis is a multibillion global business opportunity projected to grow in double-digit CAGR in coming years

**Bloomberg** Subscribe

Business

**Medical Marijuana Market Worth USD 25.25 Billion, at 21% CAGR during 2018-2022 | Technavio**

28 June 2019, 02:42 GMT+8

Medical Marijuana Market Worth USD 25.25 Billion, at 21% CAGR during 2018-2022 | Technavio

**ADROIT MARKET RESEARCH**  
Your Knowledge Partner

**Medical Cannabis Market will grow at CAGR of 29.3% to hit \$56.70 Bn by 2026 - Global 2019 Analysis by Growth, Size, Share, Price, and Recent Initiatives: Adroit Market Research**

**GlobeNewswire**

**Medical Marijuana Market to Reach a Valuation of USD 54,677.1 million through 2023, to Grow at CAGR of 34.0%, Says MRFR**

PRESS RELEASE

**At 24.4% CAGR, Medical Cannabis Market Size Will reach 20200 million USD by 2025**

Published: June 18, 2019 10:15 a.m. ET

Jun 18, 2019 (Heraldkeeper via COMTEX) -- Growth forecast report "Medical Cannabis Market size by Product Type (Tetrahydrocannabinol (THC) and Cannabidiol (CBD)), By Application (Pain, Arthritis, Neurological Disease (Epilepsy, Multiple Sclerosis and Other Neurological Applications) and Others), By Region Outlook (United States, China, Europe, Japan, Southeast Asia & India), Top Manufacturer, Growth Potential, Price Trends, Competitive Market Share & Forecast 2019-2025 added by Market Study Report LLC.

The global Medical Cannabis market is valued at 3520 million US\$ in 2018 and will reach 20200 million US\$ by the end of 2025, growing at a CAGR of 24.4% during 2019-2025. The objectives of this study are to define, segment, and project the size of the Medical Cannabis market based on company, product type, end user and key regions.

**FOCUS • MARIJUANA**

**Cannabis Investments Nearly Quadrupled in 2018**

By Grace Doonelly December 20, 2018

**Capital Raised by Cannabis-Related Companies**

Public and private companies in the global cannabis industry raised nearly \$13.8 billion in 2018, according to Viridian Capital Advisors

Year	PUBLIC (\$M)	PRIVATE (\$M)
2014	\$59	\$89
2015	\$566	\$342
2016	\$958	\$591
2017	\$2,839	\$4,020
2018	\$9,772	

Totals for 2018 through December 14  
SOURCE: Viridian Capital Advisors

**FORTUNE**

**BDS Analytics**

**NEW REPORT: Global Legal Cannabis Markets to Grow 36% in 2019 Despite 2018 Challenges: To Break \$40 Billion by 2024.**

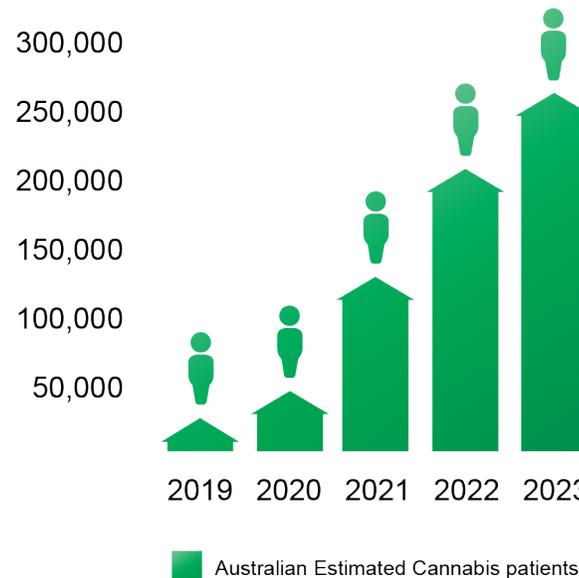
BOULDER, Colo. — June 20, 2019 — The seventh

# Strong growth market in Australia

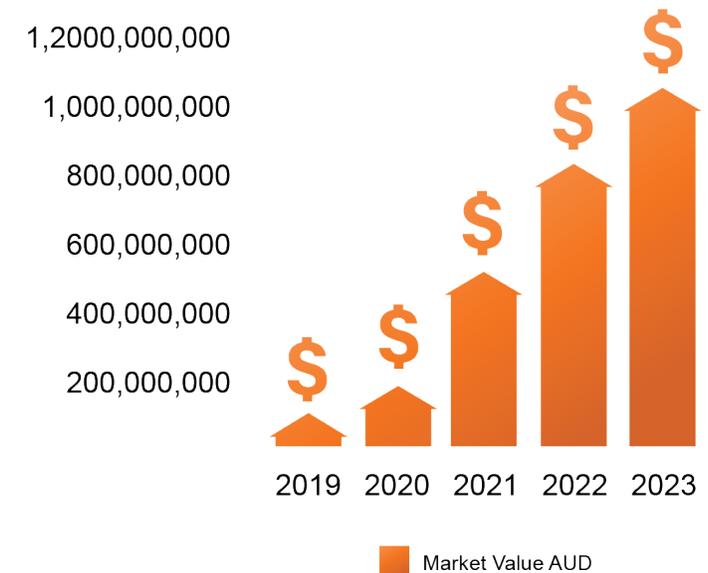
The transition to using cannabis derived products for medical purposes is gaining significant momentum

- **Regulatory framework in place** to enable the cultivation and manufacture of cannabis products in Australia
- **Market Access framework in place** to provide Australian patients with cannabinoid-based medicine
- **Approval by the Australian Federal Government** for the export of cannabinoid medicines from Australia

Australian Cannabis Registered Patients  
Estimate 2019 - 2023



Medical Cannabis Market Value  
Estimate 2019 - 2023



# Focusing on Chronic Pain

Chronic Pain represents the largest prescribed Therapeutic Area and value pool for Medical Cannabis products



- Around 72% of Canadian prescriptions are for pain management



- 80% found Cannabis to be extremely helpful for pain
- 82% reduced or stopped over-the-counter medication
- 88% were able to stop taking Opioid painkillers



- 3.24 million Australians are living with chronic pain
- There are less than 20,000 patients treated with medical cannabis
- 68% of Australians living with chronic pain are of working age

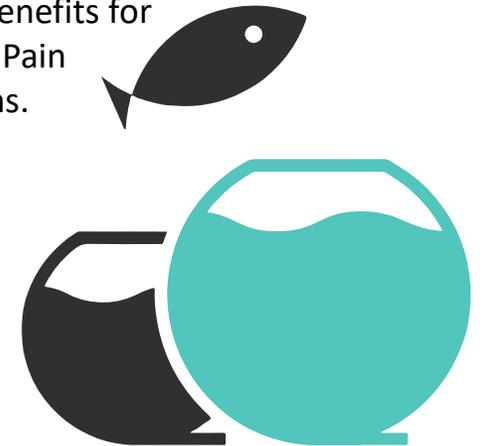
# Chronic Pain is a high value market representing significant unmet needs

## Unmet Needs

- **Available pharmaceuticals for treatment of chronic pain have limited effectiveness:** existing pharmaceutical products do not provide adequate relief for the majority of chronic pain patients.
- **Safety and side effects:** existing pharmaceutical analgesic agents (e.g. Opioids) are associated with severe side effects.
- **High risk of low tolerance and dependence:** current pharmaceutical therapies, especially Opioid analgesics, have a high potential for low tolerance and/or dependence with long-term use.
- **Decreased quality of life:** Chronic Pain is associated with additional health conditions/symptoms which are not treated by the current standard of care. Some of these include depression, anxiety, sleep disorders etc. These health conditions negatively impact the patient's quality of life, emotional well being along with the patient's social, work and family life.

## Business Opportunity

- ✓ Chronic pain treatment market is expected to exceed US\$100 billion by 2024.
- ✓ Sick days due to body pain around the world cost an estimated US\$245 billion annually.
- ✓ Growing body of evidence suggesting that medical cannabis can provide benefits for patients suffering from Chronic Pain and associated health conditions.
- ✓ In addition to Chronic Pain, medical cannabis is prescribed around the world for a wide variety of health conditions



# Product standardisation and medical acceptance will drive value growth

Chronic Pain example



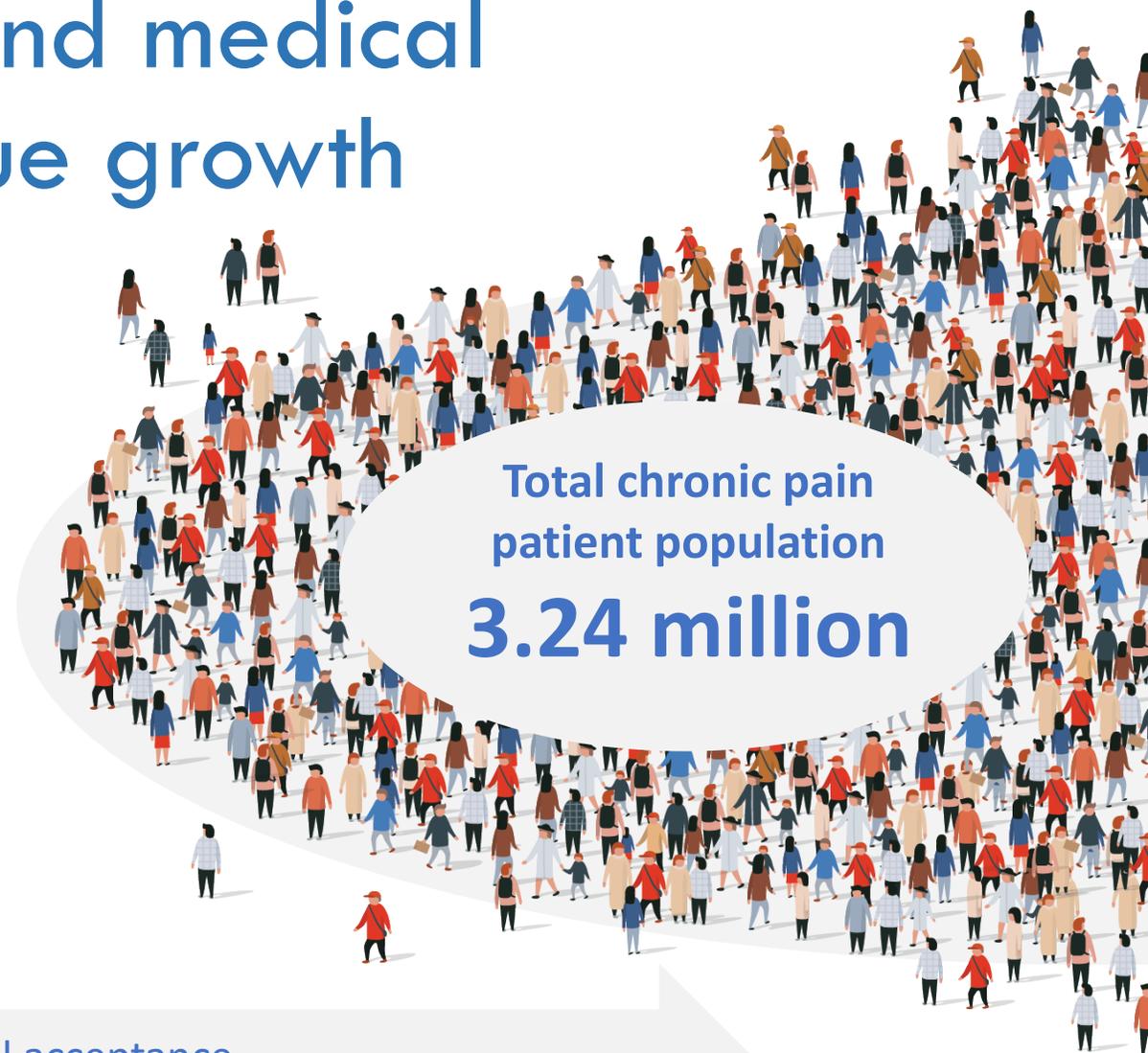
Current Medical Cannabis market size less than 20,000 patients



Current market potential 250,000 patients



Total chronic pain patient population 3.24 million



Product standardisation and medical acceptance

# Medical Cannabis is prescribed to manage the symptoms of a large array of medical conditions

## Partial list of qualifying medical conditions globally<sup>1</sup>

- Amyotrophic lateral sclerosis
- Autism
- Arthritis
- Cancer, including remission therapy
- Crohn's disease
- Damage to the nervous tissue of the central nervous system (brain-spinal cord) with objective neurological indication of intractable spasticity, and other associated neuropathies
- Dyskinetic and spastic movement disorders
- Epilepsy
- Terminal illness
- Glaucoma
- HIV / AIDS
- Huntington's disease
- Inflammatory bowel disease
- Intractable seizures
- Insomnia
- Multiple sclerosis
- Neurodegenerative diseases
- Neuropathies
- Opioid use disorder for which conventional therapeutic interventions are contraindicated or ineffective, or for which adjunctive therapy is indicated in combination with primary therapeutic interventions
- Parkinson's disease
- Post-traumatic stress disorder
- Severe chronic or intractable pain of neuropathic origin or severe chronic or intractable pain
- Sickle cell anemia
- Spinal Cord Disease
- End of Life Care
- Tourette syndrome

# Market access for cannabinoid-based medicines

Market access is challenged by lack of standardisation and medical acceptability

## Standardisation

### **Lack of product standards:**

Products are not standardised by identity, purity, potency and consistency

### **Product stability, portability and shelf life:**

Products are not stable and may degrade and deliver different outcomes over time

### **Lack of industry standards to ensure quality:**

With no harmonised global industry standards, processes across the supply chain vary, resulting in wide product quality variation

## Medical acceptance

### **Lack of clinical evidence:**

Doctors lack the data they typically use (i.e. double-blinded placebo-controlled, clinical trials) to prescribe cannabinoid-based medicine for a specific indication

### **Lack of knowledge:**

Healthcare practitioners were never trained on how to treat their patients using cannabinoid-based medicines

### **The stigma associated with Cannabis:**

Despite recent developments in cannabinoid medical research and the legalisation of medical cannabis around the world, mainstream medical societies have yet to accept cannabinoid-based medicines as a legitimate medicine

# Agenda

Medical Cannabis Opportunity

▶ AusCann Strategy

AusCann's Business and Growth Outlook

# Working with stakeholders to realise market potential



By enabling feedback from patients, healthcare practitioners and regulators, AusCann is focused on the key value drivers to deliver superior cannabinoid-based personalised medicines for specific indications in a variety of dosages

# AusCann is specialising in the high-value parts of the supply chain

As the industry has evolved, AusCann's strategy has focused on creating a differentiated product portfolio and collaborating with healthcare professionals to personalise treatment outcomes for their patients



 AusCann

Develops and commercialises reliable, stable, well characterised cannabinoid-based pharmaceutical products



 AusCann

Partners with healthcare professionals to develop pharmaceutical solutions and receive specified feedback regarding treatment outcomes. Targeting a growing spectrum of indications

# AusCann Strategy

## Our Objectives



- To **improve health outcomes** and **quality of life for patients**
- To establish a common place for cannabinoid-based pharmaceuticals in the patient's medicine cabinet targeting a broad spectrum of indications backed with evidence-based claims
- To maximise returns for our shareholders

## How will we achieve this?



**By establishing strong relationships with healthcare professionals and providing them with:**

- Reliable cannabinoid-based pharmaceuticals backed by clinical evidence and
- The tools to personalise treatment outcomes for their patients

## Where will we play?



- Prescription driven markets, through Special Access Scheme while generating evidence to enable product registration
- Australia first with an initial focus on chronic pain and potential export internationally

## How will we win?



**By focusing on the key market growth drivers:**

- **Science:** Delivering the first proprietary cannabinoid-derived, reliable, stable, well-characterised pharmaceutical product and staying ahead of the curve by rapid innovation
- **Outcomes:** Continuously measuring outcomes linked to AusCann's products and leveraging the data to optimise new product offerings, registration, publications and business development

# Big companies are diversifying while smaller players are specialising



## AusCann is focused on the high-value parts of the value chain

Cannabis cultivation	High volume cultivators
Extraction	Specialised cannabis extraction
Manufacturing	GMP third party contract manufacturers
<b>Product Development</b>	<b>▶ Pharmaceuticals product development</b>
<b>Clinical studies</b>	<b>▶ Clinical outcome evidence generation</b>
Clinics	Dedicated cannabis clinics
Pharmacy/dispensaries	Cannabis dispensaries (US/Canada)

# The Cannabis industry will evolve over time

## AusCann STRATEGIC FOCUS

1

### 'Green Rush'

Early stages of legalisation – Companies focus on licenses and cultivation as product supply is scarce



2

### Product Innovation

As the market matures, prices of raw material decrease. Companies are developing value-added products and more sophisticated delivery systems



3

### Branding

Fragmented product lines will evolve into brands. Companies will compete on mind share and winning position in each category



4

### Medical Acceptance

As more clinical evidence becomes available, the medical community will accept Medical Cannabis as an integral part of the medicine cabinet. Regulation will stabilise and big pharma will enter



5

### Consolidation

Industry maturity will force well-positioned small players to join the big corporations and key players will be consolidated through M&A



# Agenda

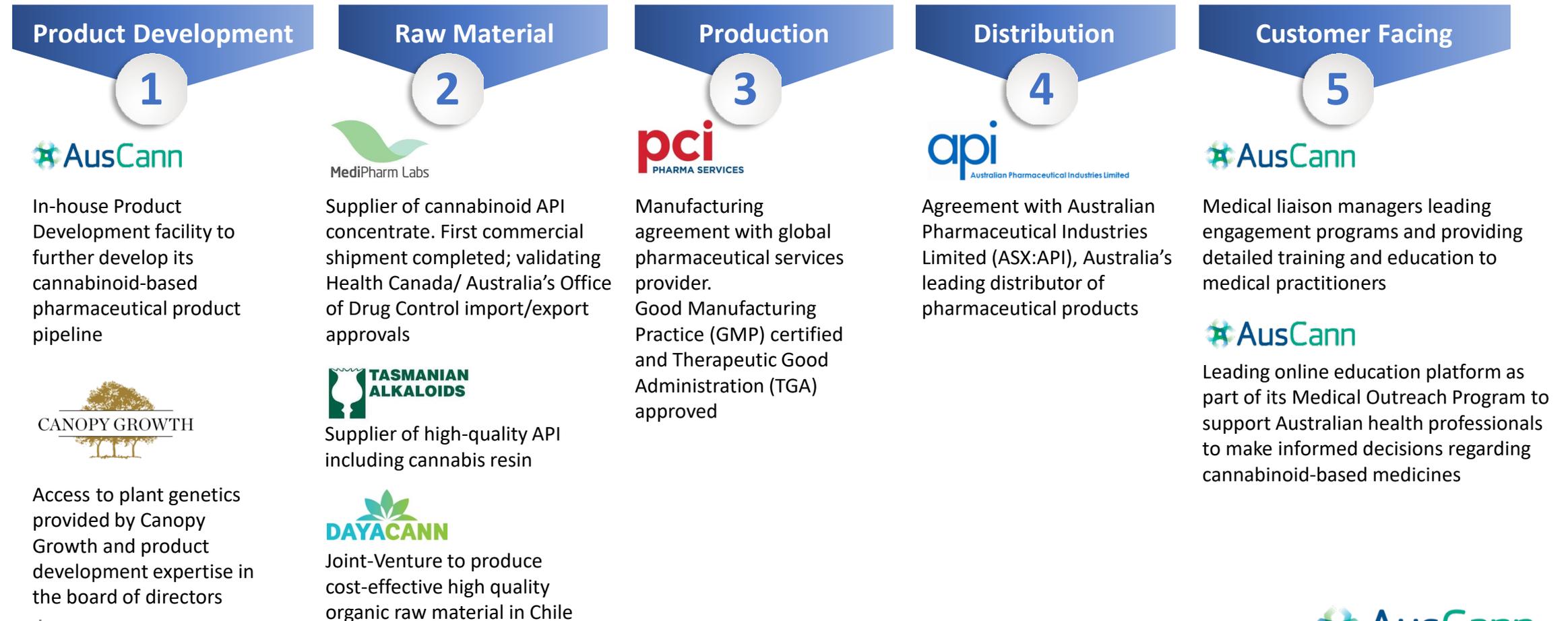
Medical Cannabis Opportunity

AusCann Strategy



AusCann's Business and Growth Outlook

# Established capabilities and partnerships across the supply chain to deliver superior value



# AusCann invests in product development and customer engagement to grow the business

## AusCann's hard shell capsules standardisation

- **Standardised dosing** enables the development of a personalised treatment regimen
- **Hard shell capsules** are characterised by identity, purity, potency and consistency
- **Standardised product stability** consistent over shelf life of the product
- **Manufactured according to global Pharma standards** to proactively stay ahead of anticipated regulatory changes



## Medical acceptance

- **AusCann establishing relationships** with healthcare professionals while demonstrating the efficiencies of cannabinoid-based medicines, and providing clinical evidence regarding the reliability of its product portfolio
- **Collaborating with doctors and clinics** to personalise the treatment regimen and health outcomes for individual patients
- **Medical outreach programs** to support Australian medical practitioners and health professionals with the necessary information to confidently make decisions regarding use of cannabinoid-based medicines

# On track to deliver consistent and stable dosage proprietary capsules

## AusCann solves existing stability and dosage problems

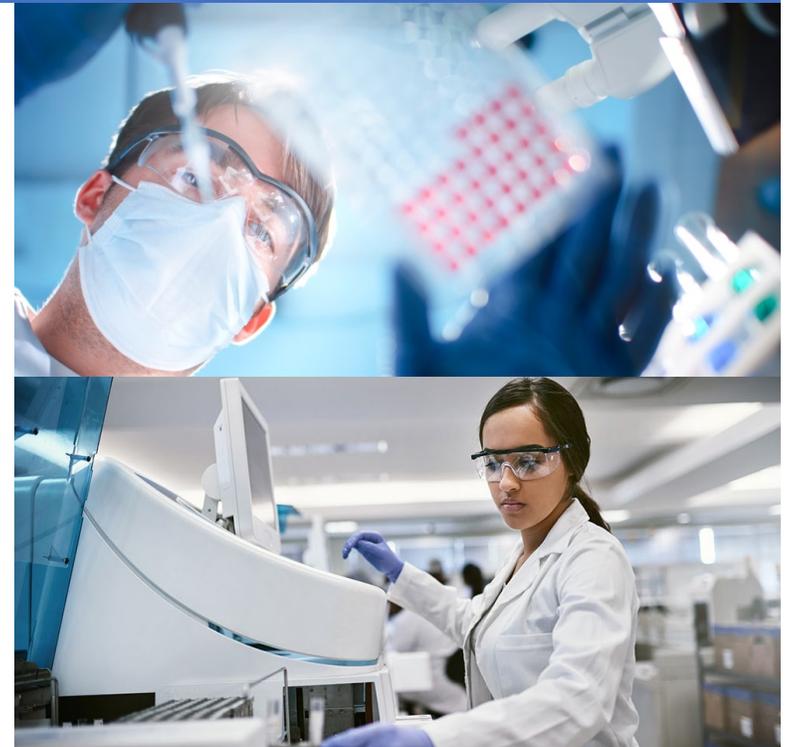
- Unique proprietary final dose form capsule progressing from development towards commercial production to solve stability and dosing problems that exist with current oils and capsules on the market
- Oil/soft gel capsule cannabinoid medicines that are currently in the market may be:
  - Difficult to administer for certain patient populations
  - Unstable (cannabinoids degrade over time)
  - Delivering unreliable dosage
- Clinicians express a preference for reliable dose-controlled capsules:
  - Easy to administer to patients
  - Enable controlled dose titrations to best manage chronic pain and other health conditions
  - Promote consistent monitoring of health outcomes



# Pharmaceutical product development - our path to value creation

## Industry leading product development capabilities in Australia

- **Consistent with strategy**  
New product development is a key pillar of AusCann's strategy and growth plans, providing strategic agility to develop the next generation family of products
- **Cost-effective suitable product development site acquired**  
7,300m<sup>2</sup> site acquired in Western Australia for \$5.25M
- **Facility to be state of the art**, and fully integrated supporting product development activities
- **Efficient capital expenditure management**  
through the use and conversion of existing buildings and facilities on site
- **Will focus on AusCann's cannabinoid pharmaceutical product pipeline**  
supporting the development of both innovative formulations and dose forms
- **A key point of difference** compared to other cannabis producers that will sustainably position AusCann at the forefront of the medical cannabis industry



# Why Australia?



**Industry regulatory  
framework in place**



**Global leader  
for clinical trials**



**Prescriber led market  
access in place**



**Preferred supplier  
for APAC and globally**



**Favorable Australian  
R&D Tax Incentive**



**Export permit**

# Led by management team with strong global pharmaceutical expertise

Management		
<b>Ido Kanyon</b>	Chief Executive Officer	More than 15 years' experience in the global pharmaceutical industry including product development and commercialisation across multiple technologies and therapeutic areas
<b>Quentin Megson</b>	Chief Operating and Financial Officer	Over 25 years' experience in the finance and operation management of ASX listed companies
<b>Dr Paul MacLeman</b>	Final Dose Form Director	Over 25 years' experience in the pharmaceutical and life sciences sector including MD of IDT Australia
<b>Dr Melinda Thompson</b>	Director of Regulatory Affairs and Research	Biochemist with over 10 years' experience in research and development management, with a focus on governance frameworks and operational processes
<b>Sheena Emslie</b>	Quality Manager	16 years in pharmaceutical manufacturing. 8 years in Quality Management under GMP, audited by TGA, FDA, WHO and MCC. 10 years with Aspen SVP/Aspen Pharma Pty Ltd
<b>Phil Wykes</b>	Infrastructure	Prior Director of Infrastructure, IDT Australia Ltd. Over 20 years of providing engineering expertise to the pharma, food and agriculture sectors
<b>Dr Musa Mavlianov</b>	Product Development	Formulation specialist, extensive experience across the pharmaceutical sector including 10 years as Production Manager and Product Development for Swisse Wellness Pty Ltd
<b>Darren Bampton</b>	Clinical and Regulatory	16 years' experience in the prescription medicine industry. Prior Director of Regulatory Affairs and Clinical Development for Progen Pharmaceuticals Ltd

# On-track to deliver CY 19 strategic priorities

## First Capsules to Market

- New proprietary cannabinoid solid hard shell capsules to treat chronic pain - expected release for clinical trials towards end of 2019
- Manufactured under contract by PCI Pharma

## Raw Materials Supply

- Continue to diversify and increase cannabis raw material supply
- Supply agreements with TasAlk and with MediPharm Labs
- DayaCann to continue to pursue export licenses from Chile

## Product Development

- Progress the development of new AusCann product development facility in WA
- Site to encompass R&D scale: cultivation, extraction, new product development
- Expected to invest further capital of up to \$6m over time to customise and fit out site to purpose

## Disciplined Capital Management

- Well funded with over \$35M in cash as at 30 June 2019
- Capital allocated towards proprietary product development with short lead time to market and engagement with healthcare practitioners
- Focus on product development and quickest path to market – outsource capital intensive cultivation, production and distribution activities

**RECONFIRMED**

# FY20 strategic priorities

## New Product Development

- Complete construction of new product development facility in Western Australia
- Expand proprietary hard-shell capsules portfolio
- Initiate development of new proprietary cannabinoid-based dose-form configurations to address a variety of unmet medical needs

## Clinical Evidence

- Complete Phase 1 clinical trials for proprietary hard-shell capsules
- Generate real world outcome data linked to the hard-shell capsules
- Engage with key opinion leaders to run Investigator Sponsored Studies

## Create Scale

- Continue to diversify and strengthen partnerships along the supply chain
- Scale up manufacturing to improve efficiency and cost effectiveness