AusCann
ASX RELEASE

Key Company Highlights and Financial Commentary for the Year Ended 30 June 2021

Key Highlights for FY21

- Successfully completed the acquisition and integration of CannPal Animal Therapeutics Pty Ltd (CannPal), by way of Scheme of Arrangement, with new leadership in place for the combined entity;
- Completed 25 subject Phase 1 pharmacokinetic and safety study of AusCann's hard-shell capsules, using the proprietary Neuvis® platform, achieving all endpoints;
- Received positive clinical results for 46 dog Phase 2A pilot study for FDA veterinary drug candidate, CPAT-01, confirming improvements in pain, lameness and quality of life in dogs with osteoarthritis;
- Commenced product registration activities in South Africa and Australia for DermaCann®, a cannabinoid-derived veterinary medicine for anti-inflammatory and immune support in dogs;
- Finalised the divestment of the Company's interest in its Chilean joint venture, DayaCann SpA (DayaCann), receiving the first payment instalment associated with the sale;
- Entered into an agreement to lease the Company's Wangara facility as part of a revised growth strategy to reduce operating expenses and maximise the value of the Company's assets;
- Net assets increased to $44.4m (2020 $34.6m) and net cash used in operations (excluding one-off costs associated with the CannPal acquisition) reduced to $5,759,140 (2020: $10,550,511);
- Advanced planning for FY22 commercialisation and development of lead pipeline candidates.

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30 August 2021 - **AusCann Group Holdings Limited** (ASX:AC8) ('AusCann' or 'the Company') is pleased to provide the following commentary to accompany the release of its audited financial results for the year ended 30 June 2021 (FY2021).

Operating Results and Financial Position

The loss of the consolidated entity for the financial year was $8,641,391 (2020: $7,076,213), which included $212,511 of non-cash share-based payments, a $2,593,417 non-cash impairment of raw material inventories, and once-off costs of $1,172,798 relating to the acquisition of CannPal Animal Therapeutics Limited (CannPal).

Excluding one-off costs associated with the CannPal acquisition, the net cash used in operating activities reduced by 45% in the financial year to $5,759,140 (2020: $10,550,511) due to reductions in statutory expenses, shared resources, operational efficiencies, and a streamlined organisational structure as a result of the CannPal acquisition and a restructuring of the AusCann business.

Direct research and development expenses of $2,947,926 (2020: $2,707,134) accounted for 51% of the Company's net cash operating cash outflows for FY21 and relates to core value generating activities for the Company's lead medicinal cannabis programs.

Total income for the Company was up 7% predominately due to the refund from the Australian Taxation Office of $1,561,518 (2020: $1,207,175) in accordance with the Australian Government's Research and Development Tax Incentive Program.

AusCann remains well funded with net assets of $44,427,696 (2020 $34,635,972) and a net cash position of $13,679,923. The Company is heading into the new year with an improved cost-base, a restructured organisation, and a heavy focus on the development of differentiated, high value cannabinoid-based pharmaceuticals for registration in human and animal pathways.

A review of operations for the year is set out on page 10 of the Annual Financial Statements.

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This ASX announcement was authorised for release by the Board of AusCann.

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ABOUT AUSCANN

AusCann Group Holdings Limited (ASX:AC8) is an Australian-based company focused on the development and commercialisation of cannabinoid-derived therapeutic products to address unmet needs for humans and animals within Australia and internationally. Our key difference is the commitment to rigorous product development, focused on providing reliable, stable and standardised cannabinoid-derived therapeutics products, whilst generating robust safety, quality assurance and efficacy data to support market access in various regulatory environments around the world.