

For Public Release  
NZX Limited  
Wellington

25 February 2021

### **Cannasouth Limited Releases Preliminary Results for the Year Ended 31 December 2020**

Cannasouth Limited (NZX: CBD), ("Cannasouth", the "Group" or the "Company") today reported its preliminary financial result (subject to completion of audit) for the year ended 31 December 2020.

The Group recorded a loss before tax of \$3.5 million (2019 \$2.2 million) and operating revenue of \$131,000 (2019 \$53,000). The loss was attributable to the planned investment in establishing the Group as a key participant in the emerging medicinal cannabis market in New Zealand.

Cash on hand at 31 December 2020 for the Group was \$9.2 million (2019 \$8.5 million).

In addition to subsidiary Cannasouth Bioscience Ltd (CBL) the Group has investments in two joint ventures: Cannasouth Cultivation Ltd (for flower production) and Midwest Pharmaceuticals NZ Ltd (for medicines grade production and cannabinoid oil extraction services).

The New Zealand Medicinal Cannabis Scheme (Scheme), which launched on 1 April 2020, was a significant milestone that provided regulatory clarity for Cannasouth in this exciting emerging industry. Our license applications and product assessment applications were lodged with the Medicinal Cannabis Agency during the latter half of the year.

The launch of the Scheme provided Cannasouth with the required timelines, and substantial progress has been made with implementation of its strategy to be an integrated "seed to sale" medicinal cannabis business. The focus was on building facilities and developing the Senior Executive leadership team.

Cannasouth's mission is well-defined to be a sustainable and profitable vertically integrated medicinal cannabis business.

The Group is also building on market intelligence and validating a sales strategy for medicinal cannabis products and services across the whole of product spectrum from cannabis cultivation to finished product for sale on the local and global markets.

2020 was yet another busy and successful year. Highlights include:

- ✓ A heavily over-subscribed successful Share Purchase Plan (SPP) and wholesale placement capital-raise despite the Covid-19 lockdown in May 2020; raising \$6 million.
- ✓ As a good corporate citizen, we refunded \$85,726 to the New Zealand government for COVID-19 financial assistance, after our well-supported capital raising.
- ✓ Successfully concluded a supply agreement with MediPharm Labs, Australia, in May 2020 to import our first own brand medicines.
- ✓ Our joint venture Cannasouth Cultivation Ltd appointed noted Colorado, USA-based cannabis cultivator Vera Cultivation to supply the design, and the implementation of a state-of-the-art growing facility, including supporting the development of growing systems.
- ✓ In September we were granted our first commercial cultivation activity and possession to manufacture activity licences from the Medicinal Cannabis Agency.
- ✓ Submitted our product assessment applications to the Medicinal Cannabis Agency in November 2020 for our three imported own brand medicines.

Without a doubt, COVID-19 was and still is the biggest challenge for New Zealand businesses. We have been unable to undertake offshore travel, nor have suppliers or customers been able to visit us in New Zealand. However, we embraced video conferencing technology which has overcome this restriction.

The Board believes the future demand for cannabis medicines, and the existing health and well-being products market will remain positive and is confident about the outlook for the Group.

It's exciting to see all of the components of our strategy coming together – we are committed to improve the quality of life for patients through the use of affordable, next-generation cannabinoid therapeutics.

As we continue to invest and grow the Group, our key milestones for 2021 will include:

- ✓ Receive the full suite of commercial licences from the Medicinal Cannabis Agency required for our businesses.
- ✓ Commissioning of our state-of-the-art cultivation facility with JV partner Cannasouth Cultivation Ltd.
- ✓ Complete additional production capacities and capabilities at Midwest Pharmaceuticals NZ Limited (to extract APIs and manufacture cannabinoid products).
- ✓ Gain accreditations for Good Agricultural and Collection Practices (GACP) for flower production and Good Manufacturing Practice (GMP) of manufacturing cannabinoid products.
- ✓ First domestic sales of approved imported own brand products to New Zealand patients in the first half of 2021.
- ✓ First sales of cannabis biomass in Q4.

Looking out further, the manufacture and sale of Cannasouth manufactured cannabinoid products from New Zealand grown biomass, is expected from early 2022.

-ENDS-

For further information visit [www.cannasouth.co.nz](http://www.cannasouth.co.nz) or contact:

**Tony Ho**

Chairman, Cannasouth Limited  
Email: [tony.ho@cannasouth.co.nz](mailto:tony.ho@cannasouth.co.nz)  
Mobile: +61 (0)417 345 839

**Mark Lucas**

CEO, Cannasouth Limited  
Email: [mark.lucas@cannasouth.co.nz](mailto:mark.lucas@cannasouth.co.nz)  
Mobile: +64 (0)21 484 649

**About Cannasouth Limited**

Cannasouth is a biopharmaceutical research and development company based in the Waikato heartland of New Zealand. The Company has been established to focus on the commercial development of the medicinally beneficial attributes of cannabinoid compounds such as CBD, THC and associated chemical structures that are produced by the cannabis plant. Our goal is the development of next-generation cannabinoid medicines that support patients' health outcomes and improve their quality of life. Our products will be produced under GMP using environmentally friendly methods without the use of harmful chemicals or solvents, ensuring patients are treated with pure cannabinoid therapeutic compounds of the highest quality. The Cannasouth group holds commercial medicinal cannabis licenses granted by the Medicinal Cannabis Agency for cultivation activity and possession to manufacture activity.

For video footage, photos and logos please visit: <https://www.cannasouth.co.nz/about/media/>