



## Investment in Cannadoc Health

- Cronos Australia acquires a 51% equity interest in Cannadoc Health Pty. Ltd. (“Cannadoc”), which operates a Melbourne-based medical clinic business
- Acquisition to provide Cronos Australia with immediate revenues

**Melbourne, Australia, 3 February 2020** - Cronos Australia Limited (ASX:CAU, “Cronos Australia”), through Medical Clinic Holdings Pty. Ltd. (“MCHPL”), one of its indirect, wholly-owned subsidiaries, has today acquired a 51% equity interest in Cannadoc pursuant to a Share Transfer & Shareholders Agreement (the “Agreement”) with the two founders of Cannadoc, Dr. David Feng and Kevin Brabazon (the “Founders”). Pursuant to the Agreement, MCHPL has acquired a 51% economic interest in the Cannadoc business effective from 1 January 2020.

Cannadoc currently operates a growing medical practice in Melbourne, from which a range of cannabinoid-based and other treatments are provided to its established patient base. The medical practice has been in operation for approximately one year. Cronos Australia intends to work with the Founders to expand the Cannadoc business, which includes engaging additional medical practitioners and opening further clinics in due course.

The Founders have collectively been paid a purchase price of \$300,000 in cash. They may also be entitled to receive two further earn out payments on the first and second anniversaries of completion. The payments (if any) will equal 51% of 5 times the future EBITDA of Cannadoc, with \$300,000 to be deducted from the first earn out payment.

In addition to the above payments, the Founders have received a total of one million Performance Rights over ordinary shares in Cronos Australia, with each Founder having been issued half of the total Performance Rights. The Performance Rights have a vesting date of 1 September 2023, and will vest if certain conditions are met as at the vesting date, including the relevant Founder still being employed by Cannadoc, and agreed growth targets having been met. If some or all of the vesting conditions are not met by the vesting date, the Performance Rights will lapse.

Cronos Australia will also make available a secured loan facility of up to \$1 million to Cannadoc on commercial terms, which may be used for working capital purposes and to further expand the business. In addition to the loan facility, MCHPL has contributed \$102,000 in equity to Cannadoc, with the Founders contributing a total of \$98,000.

Cronos Australia has used existing internal sources to fund the cash payment and the equity contribution, and will also use existing internal sources to provide the loan facility described above.

Under the terms of the Agreement, Cronos Australia has appointed two representatives to the Cannadoc board to sit alongside each Founder.

“We are excited about the opportunity to bring Cannadoc into the Cronos Australia group,” said the Cronos Australia CEO Rodney Cocks. “We also look forward to working closely with David and Kevin to expand the Cannadoc business”, he added.

# CRONOS

A U S T R A L I A

Cannadoc founder David Feng said, “We are pleased to join forces with Cronos Australia and to continue to build our vision for an innovative approach to delivering significantly improved patient outcomes through cannabinoid-based therapies and other treatments”.

**\*\* ENDS \*\***

## **About Cronos Australia**

Cronos Australia Limited is a public company listed on the ASX (ASX: CAU). The Company's largest shareholder is Cronos Group Inc. (NASDAQ: CRON, TSX: CRON). Cronos Australia was formed to take advantage of opportunities relating to the emerging cannabis industry both domestically and internationally. The vision of Cronos Australia is to become a leading health and wellness company in the Asia Pacific region through the distribution of premium THC and CBD cannabis products.

## **Authorised by**

Rodney Cocks, Chief Executive Officer and Executive Director

## **Contact**

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## **Forward-looking statements**

This announcement may include forward-looking statements. These forward-looking statements are based on Cronos Australia's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Cronos Australia, which could cause actual results to differ materially from such statements. Cronos Australia makes no undertaking to update or revise the forward-looking statements made in this announcement to reflect any change in circumstances or events after the date of this announcement.