



## STATEMENT PURSUANT TO ASX LISTING RULE 4.7C.2

**Melbourne, Australia, 14 August 2020** – Cronos Australia Limited (ASX:CAU, “Cronos Australia” or “Company”) advises that, in accordance with ASX Listing Rule 4.7C.2, the Company has attached, as Appendix One, a comparison of actual expenditure incurred during the period from its admission to the Official List of the ASX, being 7 November 2019, to 30 June 2020, as against the “Use of Proceeds”, as detailed on page 31 of the Company’s Prospectus dated 15 October 2019 (the “Prospectus”).

As disclosed in the Appendix, during the above period covering almost eight months since its IPO, the Company has spent approximately \$1.5 million less than forecast in the Prospectus. This reduction has been caused by a combination of factors including the over estimation of certain costs associated with product development and delays resulting from the COVID-19 pandemic, lower than expected travel expenses due to restrictions caused by the pandemic, as well as reduced personnel costs arising from changes made to the Company’s business development model.

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

### **About Cronos Australia**

Cronos Australia Limited is a public company listed on the ASX (ASX: CAU). Cronos Australia was established 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 creation and distribution of premium medical and consumer cannabinoid products and services. The Company’s largest shareholder is Cronos Group Inc. (NASDAQ:CRON; TSX:CRON).

- Cronos Australia distributes the PEACE NATURALS™ and Adaya ranges of medicinal cannabis products nationwide in Australia through medical practitioners via the Special Access Scheme, Authorised Prescribers or Clinical Trials.
- Cronos Australia has a 51% interest in Cannadoc Health Pty Ltd, a medicinal cannabis clinic business that undertakes face-to-face and nationwide telehealth consultations with patients seeking access to medicinal cannabis.
- Cronos Australia has established operations in Hong Kong and Japan for the development of ranges of cannabinoid brands and products and their distribution into global consumer markets.
- Cronos Australia has a 50/50 joint venture with A&S Branding, the founders of Sukin Natural Skincare, for the development of CBD products for sale in domestic and export markets.

### **Authorised by**

Rodney Cocks, Chief Executive Officer and Executive Director

### **Contact**

#### **Cronos Australia Limited**

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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.

## APPENDIX ONE

Use of proceeds as detailed on page 31 of the Company's Prospectus dated 15 October 2019		Period from 7 November 2019 to 30 June 2020		Comments
Categories	Total cash to be spent	Forecast cash to be spent	Actual cash spent	
Product development	\$2,575,000	\$1,054,688	\$157,753	Costs incurred are lower than forecast and delayed due to pandemic
Business development	\$2,390,000	\$651,291	\$135,197	Forecast travel expenses are lower due to pandemic
Patient acquisition / practitioner engagement	\$2,355,000	\$610,000	\$809,175	Includes costs associated with the acquisition of Cannadoc Health
Brand creation, development and launch	\$2,080,000	\$875,500	\$531,868	
Contract manufacturing management	\$1,200,000	\$32,000	\$14,850	
Research and development activities	\$1,190,000	\$363,000	\$190,448	
Licensing and regulatory costs	\$755,000	\$138,375	\$166,054	
Director remuneration	\$750,000	\$252,500	\$257,446	
Inventory of finished products, inc. distribution	\$585,000	\$300,799	\$256,634	
Working capital and administrative costs <sup>1</sup>	\$3,950,000	\$1,194,186	\$1,212,567	Includes fitout costs associated with new office premises
Outstanding cash costs of the Offer <sup>2</sup>	\$2,170,000	\$2,170,000	\$2,395,674	Additional costs relate to overruns of estimated IPO expenses
<b>Totals <sup>3</sup></b>	<b>\$20,000,000</b>	<b>\$7,642,339</b>	<b>\$6,127,666</b>	

### Notes:

1. Working capital includes corporate operations and corporate governance costs, as well as a contingency pool.
2. The total outstanding cash costs of the Offer as at the date of the Prospectus (being 15 October 2019) comprised, amongst other things, legal expenses, accounting, audit and tax advisory fees, lead manager and underwriter fees, ASIC and ASX fees, in addition to prospectus design and printing costs.
3. Amounts included in the use of proceeds table above excluded inflows from revenues, interest earned and other income. During the period from 7 November 2019, being the date of the IPO, to 30 June 2020, the Company generated a total of \$242,927 from such sources that is not reflected in the table above.