

**Indica Industries Pty Ltd
(t/as MedReleaf Australia)**

**ACN 611697762
ABN 25611697762**

**Annual Report
For the year ended 30 June 2021**

Indica Industries Pty Ltd (t/as MedReleaf Australia)

Financial Year 2020/21

Chairman's Report

I am pleased to provide Investors with the Annual Report on the activities of Indica Industries Pty Ltd for the Financial Year ending 30 June 2021.

Along with my fellow Directors, Nathan Davis and Cam Battley, and our small but highly skilled and dedicated management team, I am pleased to update our shareholders on some major achievements during the past 12 months.

Our company's commercial imperative is to continue to grow market share by recruiting and influencing new Doctors to prescribe our quality products. Utilising our professional service support team, we are looking to take significant market share from competitors. Backed by our exclusive Supply and other Agreements with our Canadian partner, Aurora Cannabis Enterprises Inc., we have achieved consistent profitability well ahead of schedule. We have positioned the company ideally to be agile in the assessment of opportunities as they present, and always ensure that we make strategic decisions that provide value to shareholders. The plan to construct a local facility remains our ultimate goal as we closely monitor the global medical cannabis supply chain and developing marketplace.

Our driving force and vision as a company remains to continue to make a difference in people's lives, to provide a solution to their health challenges and to build a highly profitable 100-year company. Our multiple and interlinked strategies and resultant market outperformance have positioned us well for our future.

Although only a small proportion of the addressable medical market is currently engaged with medical cannabis, there have been over 170,000 TGA approvals for medicinal cannabis at the time of writing, see <https://www.tga.gov.au/medicinal-cannabis-special-access-scheme-category-b-data>. TGA Special Access Scheme (SAS) approvals are increasing month-on-month. The number of approvals averaged over 10,000 per month for the past 4 months to August 2021, and over 13,000 in September 2021.

With continued growth expected, the opportunities for our company are endless. Australia continues to be the fastest growing legal medical cannabis market in the world, yet less than 6% of Australian Doctors have prescribed a medical cannabis product. Most are yet to be educated in phyto-cannabinoid pharmacology and the interaction that medical cannabis has with the human endocannabinoid system. To address this, we have devised a multi-level educational program to work with GPs on their prescribing journey, and remain agile in our approach until we see business conditions normalise post the COVID-19 pandemic. Where possible, direct face-to-face interactions remain the most effective means of encouraging doctors and commencing them on their medical cannabis prescribing journey. The recent capital raise has provided the funds to increase our targeted marketing initiatives into prescribers' key access points via virtual and conference attendances, as well as hard-copy and digital journals, as well as other strategies.

Some relevant statistics at time of writing:

- There are approximately 40,000 Doctors and 7,000 existing practices in Australia.
- MedReleaf Australia has almost 4,000 Doctor practices on our database and growing.
- To date, over 400 Doctors have prescribed one of our products, increasing weekly.
- Over 700 Pharmacies have dispensed our medications, also increasing weekly.
- Reliable industry sources indicate that our market share has increased much faster than the market average, and that we now sit in the top five medical cannabis companies that have had medication

dispensed by Pharmacy (Ref. Nostradata Pharmacy Report, *attached* at the end of this report.

- **History & Licenses**

Our company was established in 2016 as Indica Industries Pty Ltd and began trading as MedReleaf Australia. We partnered with the Canadian company MedReleaf Corp., which is now a wholly owned subsidiary of Aurora Cannabis Enterprises Inc. (TSX|ACB; NASDAQ|ACB), one of the larger medical cannabis companies in the world by market capitalisation. In 2017, MedReleaf Australia was federally licensed to import, export, cultivate and manufacture medicinal cannabis products by the Office of Drug Control (ODC), and to participate in the wholesale of its products under Restricted Drug and Controlled Drug Wholesale Licences, instruments provided by the Queensland Department of Health.

All our licences remain current and are updated as required, including:

- Federal Licences include ODC Import, ODC Production & Cultivation, and ODC Manufacturing, including an ODC Export Licence in preparation for our planned activities in New Zealand;
- State Licences include Qld Wholesale S4 and S8 Medicinal Cannabis Licences at both our own premises as well as our Distribution Centre at Symbion, Acacia Ridge.

Material Agreements

- We have a National Pharmacy Distribution Agreement with listed Federal Government Community Service Obligation (CSO) National Pharmaceutical Wholesaler Symbion (ASX|EBOS). This sees MedReleaf Australia in a unique leadership position as the only medical cannabis company in Australia that has access to national distribution of cannabis SAS medicines in this manner. Our product distribution via a mainstream Pharmacy national wholesaler with delivery reliability underpinned by a CSO, at no cost to our pharmacy customers, is a key asset of MedReleaf Australia.
- We have Preferred Supply Agreements with various Pharmacy banner groups such as Pharmacy Choice (>800 Pharmacies) and continue to build relationships with others. These are proving to be most beneficial as they offer direct marketing activities into the influential 4000-strong Symbion Pharmacy network and offer significant growth opportunities to MedReleaf Australia. Our relationship with Symbion as a key stakeholder is strong and robust, and remains pivotal to the harmonisation of our business. Symbion senior executives have recently expressed their appreciation to MedReleaf Australia for establishing and attracting substantial business to their company.
- We have established a joint venture with the professional and executive education arm of the Queensland University of Technology (QUT) <https://www.qut.edu.au/study/professional-and-executive-education>. The goal is to provide an independent credential for qualified healthcare professionals to undergo training to prescribe medical cannabis. Once established as a credentialing pathway, this programme is expected to become a revenue stream for both entities as well as a marketing tool for our team.

Business Overview

Over the past 12 months, we have been successful in a number of key areas:

Key Events and Developments

- Rapidly increasing sales and market-share gains.
- Laser focused on growing our Doctor prescriber network – new team members joining our clinical support office delivering our prescriber programme to Doctors.
- Signed agreement with local contract manufacturing company IDT to produce a CBD oil product, a welcome addition to our range. This product, marketed as IndiMed AZTECS CBD-100 Oil (refer images below) allows us to access the vehicle driver market and has been launched into the market for Doctors to prescribe.
- Maintaining our position of Australia's widest range of medical cannabis products, with further products being added in Q4 2021 to bring our total to over 20 available products.
- Launch of the MedReleaf Concession Scheme (MCS) with two initial products, sold under our new IndiMed TEMPO brand (refer Images below), providing affordable medical cannabis for disadvantaged Australians.
- Growing our skilled, experienced and focused team, primarily consisting of qualified Pharmacists, having pivoted to successfully manage the challenges thrown at us with the COVID-19 pandemic.
- Executed an exclusive Agreement with contract pharmaceutical sales company FarmaForce (ASX|FFC). Their team of 25-strong medical representatives around the nation are increasing MedReleaf brand awareness amongst Doctors, with in-field and virtual presentations having started on 1 September 2021.
- Executed a Corporate Partnership Agreement with medical prescriber software company Best Practice, which is one of the top two GP software providers (note: we also have working relationship with other software providers).
- Executed a wholesale and distribution agreement in October 2021 with EBOS subsidiary HCL NZ in preparation for our entry into the New Zealand market.

Strengthened Supply Agreements with Aurora – Extended and Exclusive

We have further strengthened our Supply Agreement with Aurora Cannabis Enterprises Inc., to include New Zealand, and retained exclusivity for their three main Brands, CanniMed, Aurora and MedReleaf. This follows on from our previously improved wholesale pricing agreement, and provides for better margins and an extensive Quality Agreement to ensure that our imported products consistently meet the stringent TGA standards.

Our Preferred Supplier Partnership with vaporiser manufacturer Arizer Canada, covering Australia and New Zealand, is producing substantial and growing revenues for the company as Australian Doctors and patients increasingly appreciate the therapeutic benefits of using the dried form of cannabis.

Australia's Widest Range of Products Now Active in the Market

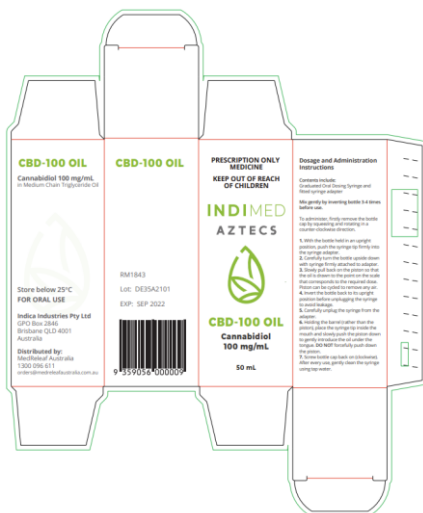
We currently import and supply 18 Aurora products, including pharmaceutical-grade medicinal cannabis oils, capsules and dried bud, with exciting new formulations coming our way in Q4 2021, as well as the three products from our own new brand, IndiMed.

New Products launched in October 2021:

- IndiMed TEMPO Dried Flower (S8) – Sativa and Indica varieties (available only through the MedReleaf Concession Scheme, MCS):



- IndiMed AZTECS – CBD 100 Oil (THC-Free S4):



Diversification of our supply lines and the creation of company owned Brands, together with local manufacture of our own products and will add value to our company and insulate our business against any future international market disruptions.

Increasing Sales – Prescription/Approval numbers

MedReleaf Australia had secured over 15,000 approvals from the TGA for our products. This is phenomenal unabated growth in your company, a pattern that continues as we progress our plan of activating as many Doctors as possible on the benefits of prescribing our products to their patients who qualify for treatment with medical cannabis.

Graph 1: Total unit sales quarterly (by volume Q2 2020 – Q2 2021).

— Average quarterly sales growth of 100%+ since enhanced supply agreement with Aurora signed March 2020



Commercial in Confidence

MedReleaf
AUSTRALIA

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Our Points of Difference

There are a number of key points of difference between MedReleaf Australia and our competitors:

- Our GP-targeted, unique go-to-market strategies are not reproducible by our competition.
- Medicine Portfolio: Doctors appreciate access to the widest choice of TGA-approved medical cannabis products to assist their patients.
- Our efficient and qualified clinical support team appreciated by Doctors and Pharmacists.
- Our Medical Engagement Coordinators' ability to simplify the TGA system, and to motivate and activate prescribers on their prescribing journey.
- Vaporiser range: Our Australian supply agreement with Arizer Vaporisers has proven to be fruitful, with sales growing each month as Doctors discover the benefits of prescribing the quicker-acting dried form of cannabis for their patients.

Skilled, Experienced and Focused Team – Personnel

At the time of writing, we have six full-time employees and two key personnel engaged on a contractor basis. Our international Director Cam is very active engaging as our interlocutor with our current partners and potential global partners, astutely navigating strategic alliances for our company. Our local team is primarily head-office-based in Brisbane and provides targeted outreach to GPs and Pharmacies Australia-wide. We drive face-to-face and Telehealth consultations through our MedReleaf Clinic in Brisbane and to a number of trusted clinics along the eastern seaboard. We have engaged contract sales organisation FarmaForce (ASX|FFC) to market our company to hundreds of GP practices every week, and are confident that this astute outsourced strategy will boost sales further by activating more GPs.

We remain a lean operation utilising technology and skilled third-party organisations wherever possible to build sales. We also have a focus on diversity, with a good gender and country-of-origin balance currently apparent within the operational team.

MedReleaf Australia Prescriber Programme (MPP)

MedReleaf Australia has developed an educational and SAS portal training programme for Doctors to assist them to become medical cannabis prescribers for their patients, and to encourage them to retain their patients rather than refer them to third-party clinics. Our team engages and train GPs as a key plank to our business success, which often includes online and/or in-practice after-hours sessions to suit practice needs (sometimes these sessions are conducted at the Doctor's residence).

MedReleaf Clinics

Our Brisbane-based MedReleaf Clinic, located in Annerley, continues to grow in response to increased patient demand. It is accessible not only for patients but also as a training venue for other GPs wishing to pursue a career in cannabinoid therapy or learn the skills required for their own clinic. This programme is provided under the guidance of our experienced cannabinoid clinicians. At the time of writing, we have four GPs practicing out of this clinic and are looking for more to take up positions in our MedReleaf northside clinic location at Murrumba Downs. Medical Centre owners around the country continue to refer their patients to our MedReleaf Clinic for both face-face and telehealth consultations.

Our strategy is to provide endocannabinoid system education and access to clinical support for traditional doctors within existing GP clinics as they commence their prescribing journey. Our head office team also assists new Doctors to familiarise themselves with cannabis prescribing and the most efficient ways to navigate our wide range of imported and locally manufactured medical cannabis products. This is often undertaken by participating in observational sessions with our more experienced MedReleaf Australia

cannabinoid clinicians at our clinic. Most of our products are whole-plant extracts and are the most-prescribed medical cannabis medicines in Canada. This is seen as highly attractive to Australian doctors.

Regulatory Activities – Submissions to Government Enquiries

MedReleaf Australia regularly provides input into the various submissions made by the industry body, the Medicinal Cannabis Industry Australia (MCIA), the peak industry organisation for Australia's licensed medicinal cannabis industry. When necessary, we also make our own company submissions. We have contributed to submissions on GMP requirements for importers and on issues around compounding pharmacies. As mentioned in the mid-year report, MedReleaf Australia was asked to participate in a Commonwealth Government New Drugs Hearing.

International Activities: Underway – Launch into New Zealand Planned for 2021

As outlined in the 2020 Annual Report, we have established a wholly owned subsidiary company, Indica Industries Ltd, in New Zealand and appointed countryman Mr. Jon Lamb, a distinguished and experienced company director, to the Board of this New Zealand company. Jon joins Nathan Davis, Gordon Chan and myself as Officeholders.

As mentioned earlier, we have executed a Distribution Agreement in New Zealand with HCL, a subsidiary of EBOS Group, the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products. In conjunction with the regulatory and international team at Aurora, we have also submitted detailed product registrations for four dried Aurora products, which are currently going through the approval process with the New Zealand Ministry of Health. The regulations are considerable tougher than those in Australia and we are experiencing delays with this process – as are most companies attempting to navigate this new market.

Logistics – COVID-19

COVID-19 has caused severe disruption to our usual shipping routes and placed increased pressure on timeframes for shipments. This has made stock management challenging and has forced us to carry extra buffer stocks. Despite the challenges, our small logistics team continues to conduct successful imports of approved medical cannabis products from our Canadian partners via the complex ODC and Health Canada medical cannabis approval processes. Our distribution partner, Symbion, is providing extra resourcing to the management of this growing arm of their business and our joint teams maintain excellent working relations.

Fortunately, our business has grown throughout the COVID period thus far, testament to our well-developed business plan, strategic direction and the groundwork undertaken by the team prior to the lockdown periods. It also further highlights the current unmet demand and potential that exists in our wide domestic patient base.

Our business is currently heavily Queensland based due to the lockdowns and general access issues with the southern states, an issue we hope will resolve into 2022. With Covid rules being relaxed Australasia-wide, we now plan to employ medical representatives and boost our head office virtual capability to grow our business in the southern states.

Marketing Initiatives & Medicinal Cannabis Industry Australia (MCIA)

We have ramped up our marketing initiatives and targeted our resources directly into GP practices. The last financial year also saw MedReleaf Australia sponsor major Australian GP and Pharmacy conferences, including the RACGP Practice Owners' Conference, Pharmacy Guild's APP, GPCE in Sydney

and Melbourne, and the second ACannabis Industry Conference (www.acannabis.com.au/) convened by the MCIA. We hope to be in attendance at the Australian Pain Society's Conference in Hobart in 2022, after being invited for the first time.

Russell is one of the founding members of the Board of the MCIA, and Nathan and Gordon Chan are active in associated Working Groups. The MCIA has a growing influence across the sector and has a growing member base, maintaining direct communication lines and a strong lobbying position with various Government departments as well as key stakeholders in the TGA and ODC.

Research

Research initiatives are challenging with cannabis due to the fact that the plant contains hundreds of cannabinoids, flavonoids and terpenes with varied efficacy from patient to patient. Unlike traditional single-molecule pharma medicines, maintaining formulation consistency of plant-based product is fraught with challenges. Consequently, standardised randomly controlled trials (RCTs) are difficult to design and expensive to implement. The industry has been provided with an opportunity to demonstrate CBD efficacy with the TGA amending regulations during 2021 to allow for the sale of over-the-counter low-dose CBD through the pharmacy channel.

In the meantime:

- We are continuing to work towards a trial programme using an 'N=1' protocol and are awaiting TGA approval for this methodology. We expect that this will be a faster and less-expensive route than the usual RCT process. We have lined up a research team based at UQ, executed an LOI with medical software company OnTracka and expect to provide our Aztecs CBD oil product under our IndiMed brand for use in the trial. Whilst we expect this to be a long process, we are attempting to be frugal with fund allocation to this study, while still expecting to demonstrate that the product is efficacious for either insomnia, nausea or anxiety. Obtaining an ARTG registration is the ultimate goal.
- Our Veterans Observational Pain Study with Cannabis Access Clinic's research arm has recruited many veteran patients for funding approval by the DVA (<https://caclinics.com.au/medicinal-cannabis-research/medreleaf-dva-program/>) MedReleaf Australia's product supply arrangement to this study intends to build a long-term and valuable Veteran patient base for our company. Unfortunately, the DVA has yet to approve funding for products deemed to be helpful for Veterans suffering mental health conditions such as PTSD, and this has limited the uptake of the trial and disappointed many of our Veterans.

Historical Financial Performance

MedReleaf Australia has seen strong growth in operating revenues for the FY ended June 2021.

This trend has continued during the July 2021 – October 2021 period, with the company continuing to build revenue and enjoying increased sales volumes and profits.

The Board believes that MedReleaf Australia's future is bright as we strategically navigate the medical and pharmacy marketplace with our growing range of quality products and experienced and motivated team. The unaudited Financial Report for FY 2021 provided by GTCorporate is additional to this Report.

While many of our competitors are still experiencing burn rates in excess of \$5 million per quarter, with little to show for their efforts, we have managed to acquire our land (valued at \$1.7 million at time of purchase in 2019) and to position the company for continued sales growth whilst generating handsome profits.

Summary

MedReleaf Australia has enjoyed another successful year thanks to the untiring efforts of fellow Directors, Nathan Davis and Cam Battley, and our highly enthusiastic and motivated team. Whilst there is much work still to do, we are confident that our company value will continue to grow substantially as we steadily extend our network and continue to strategically scale the business.

Our future plans include consideration of accretive acquisitions, potential for an IPO, merger or takeovers but our focus remains on the continuation of revenue growth to accelerate the market capitalisation of the company. Our unique medically targeted programs will continue to activate new prescribers and as we launch new own-brand and Aurora products both domestically and to commence exports starting with New Zealand in 2022, our future looks bright. With sustained profitability in place, the option of remaining a private company and releasing a dividend stream for shareholders remains a consideration while we continue on this growth strategy.

Purposely small, our Board is dynamic and across all aspects of the pharmaceutical supply and value chain. We seek financial and legal counsel as required and have chosen not to employ such expensive personnel at this time. With our team's extensive knowledge of the Australian industry and our close involvement with the MCIA, as well as Cam's counsel generally and wide understanding of the Canadian and Global cannabis movements, we are well positioned to continue to successfully and astutely navigate our way towards industry leadership.

Finally, and most importantly, I would like to sincerely thank our early and more recent investors and re-investors for your support in our company. Without your belief in our vision and tangible support, this exciting venture would not be possible. Thanks to you, our balance sheet is strong and business secure.

We have built a successful model, unique in the industry, that is engineered to outperform as the industry continues to grow.

The future is exciting for MedReleaf Australia.

Signed on behalf of the Board of Directors,



Russell Harding

Chairman

-END-

Medicinal Cannabis Market Australia –

Interim Report September 2021

Summary

Year to date¹, the market grew 174% from 58,518 units to 160,219 units in 2021. In terms of value (price to patient), the market grew 202% from \$7.9m in 2020 to \$23.9m in 2021.

Queensland is leading the market in terms of growth and share of dispensed volumes, with Victoria replacing NSW as the second-largest state.

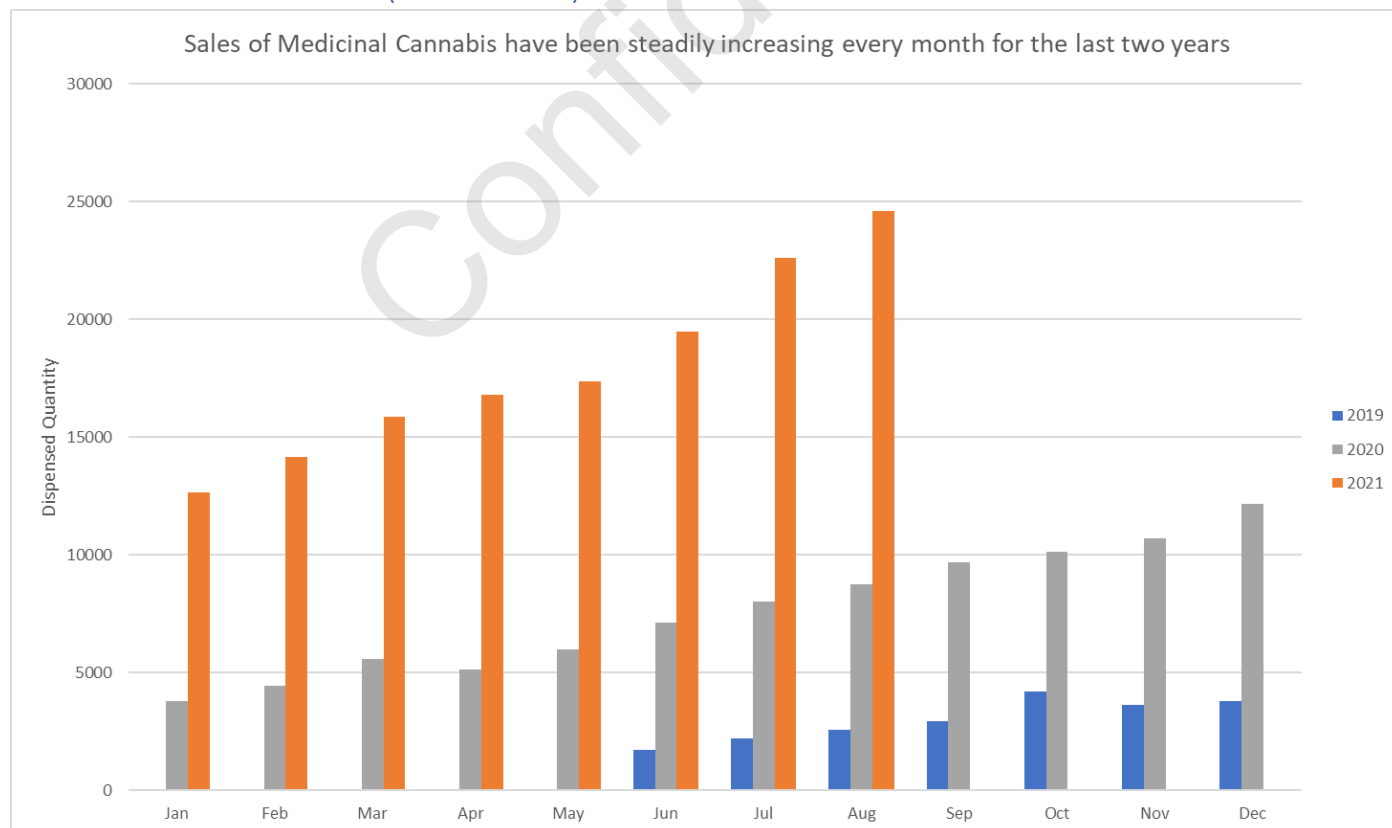
The top 10 brands have experienced significant volatility in terms of growth and share, with TILRAY, CANNATREK and MEDRELEAF taking the top three positions in terms of value. Of these, Cannatrek has enjoyed the strongest growth and Tilray the greatest losses, YTD.

The main ingredient form of medicinal cannabis dispensed was D-9-TETRAHYDROCANN/CANNABIDIOL and the main form OIL at 44%, followed by DRIED at 25%.

The number of new and repeat patients continues to grow each month, with over fifteen thousand patients recording a dispensed script in August 2021, an increase of 228% on last August.

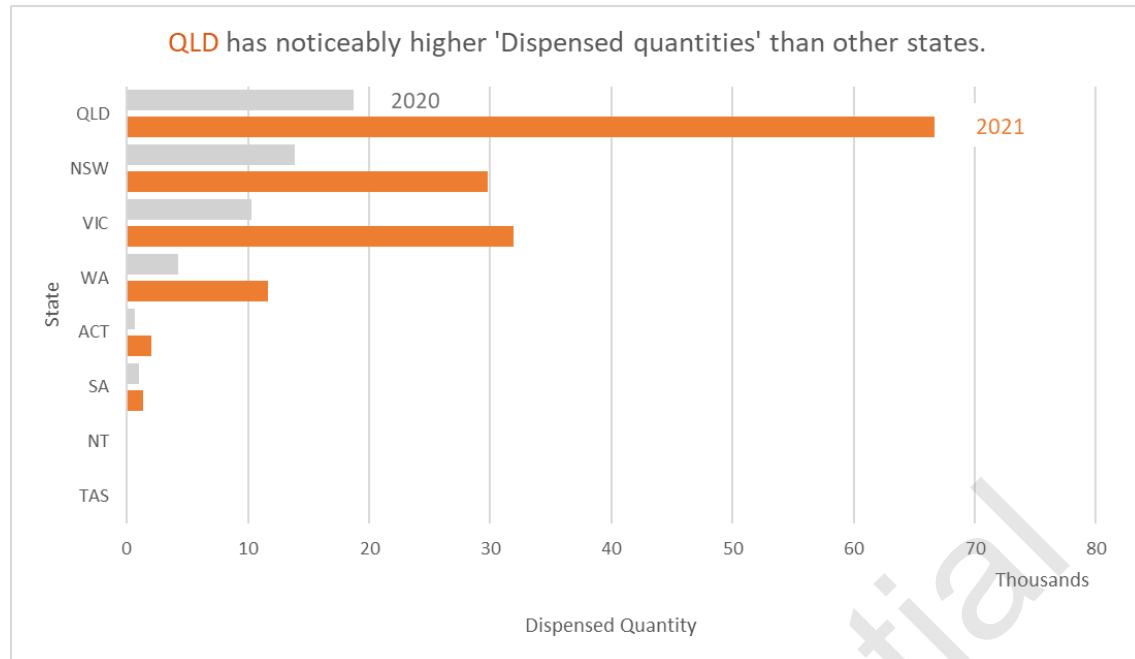
Pharmacies dispensing medicinal cannabis continue to grow and approached 1,500 pharmacies in August, up from 970 the previous year.

Total Market Performance (Year on Year)



¹ The period of analysis is Jan-Aug for 2019 to 2021

State performance

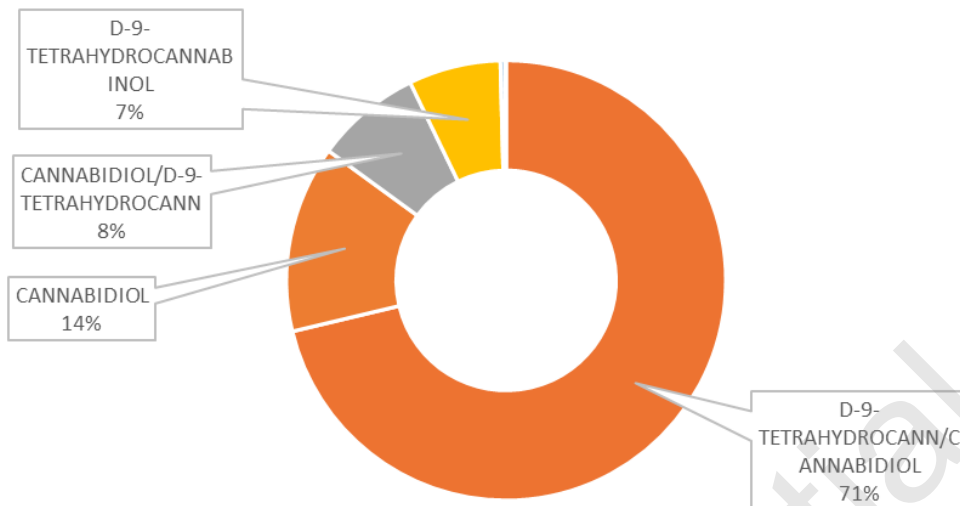


UNITS					
Brand	2019	2020	2021	YoY Growth	MktShareGwth
CANNATREK	154	3,434	26,729	678%	11.59%
ADAYA		71	9,427	13177%	6.42%
MEDRELEAF	330	1552	11,129	617%	4.57%
MEDCAN		435	6,709	1441%	3.78%
BEACON			4,354	New	3.03%
ALTHEA	380	4,486	10,664	138%	-1.76%
LGP	522	5,282	11,709	122%	-2.66%
SPECTRUM	45	8,485	14,223	68%	-7.47%
OTHER	3,108	15,170	32,951	117%	-8.12%
TILRAY	2,275	11,123	18,560	67%	-9.85%
Total	5,383	26,293	51,511	194%	

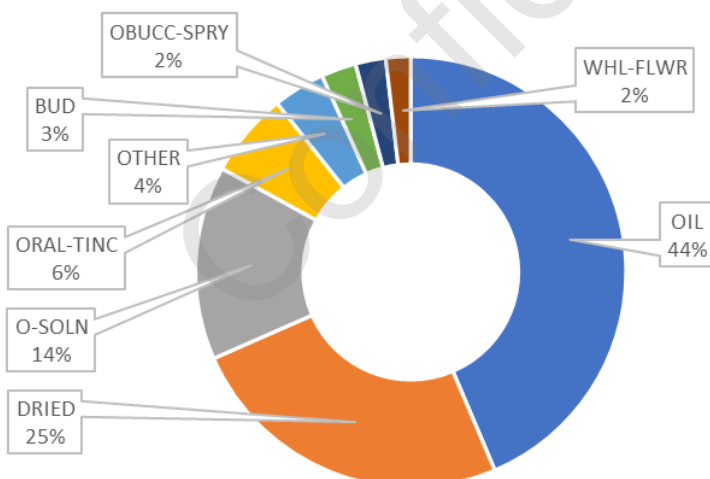
\$ VALUE					
Brand	2019	2020	2021	YoY Growth	MktShareGwth
CANNATREK	\$1,560	\$125,395	\$3,390,536	2604%	12.61%
MEDRELEAF	\$109,851	\$345,862	\$2,702,605	681%	6.93%
ADAYA		\$9,875	\$1,166,462	11712%	4.76%
MEDCAN		\$49,234	\$908,086	1744%	3.18%
BEACON			\$642,969	New	2.69%
ALTHEA	\$75,304	\$1,037,628	\$2,207,337	113%	-0.37%
SPECTRUM	\$947	\$620,762	\$1,062,577	71%	-3.41%
LGP	\$95,358	\$980,039	\$2,070,470	111%	-3.74%
OTHER	\$541,638	\$2,726,702	\$6,248,855	129%	-8.36%
TILRAY	\$533,024	\$2,266,690	\$4,034,828	78%	-11.81%
Total	\$1,357,682	\$8,162,187	\$24,434,725	199%	

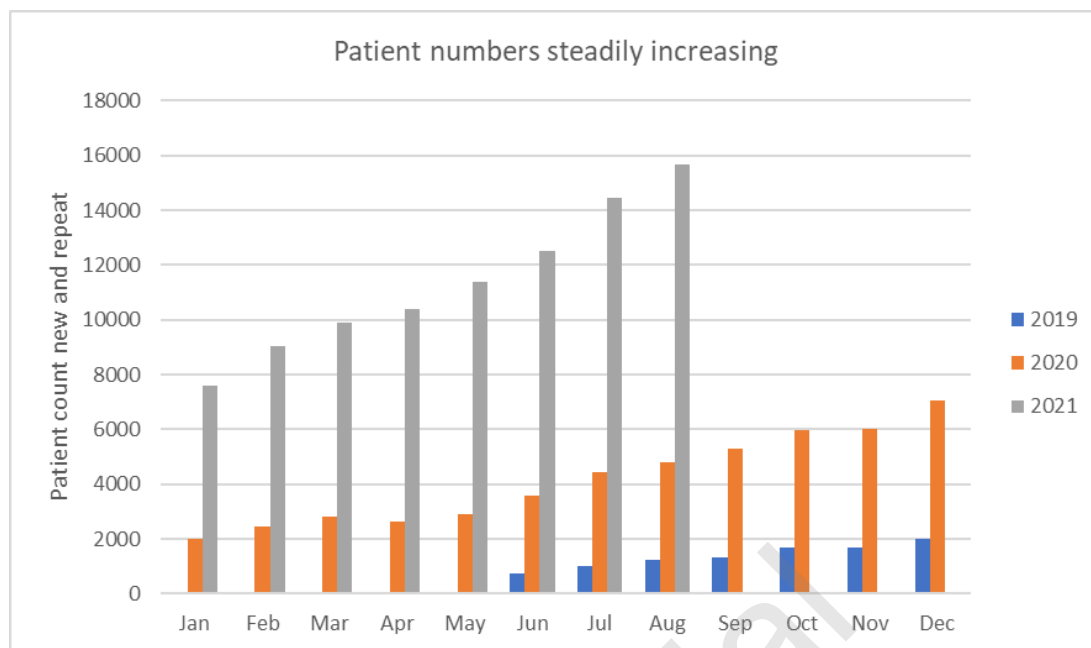
The main form of MC

D-9-TETRAHYDROCANN/CANNABIDIOL accounts for the majority of dispensed quantities 2021 YTD

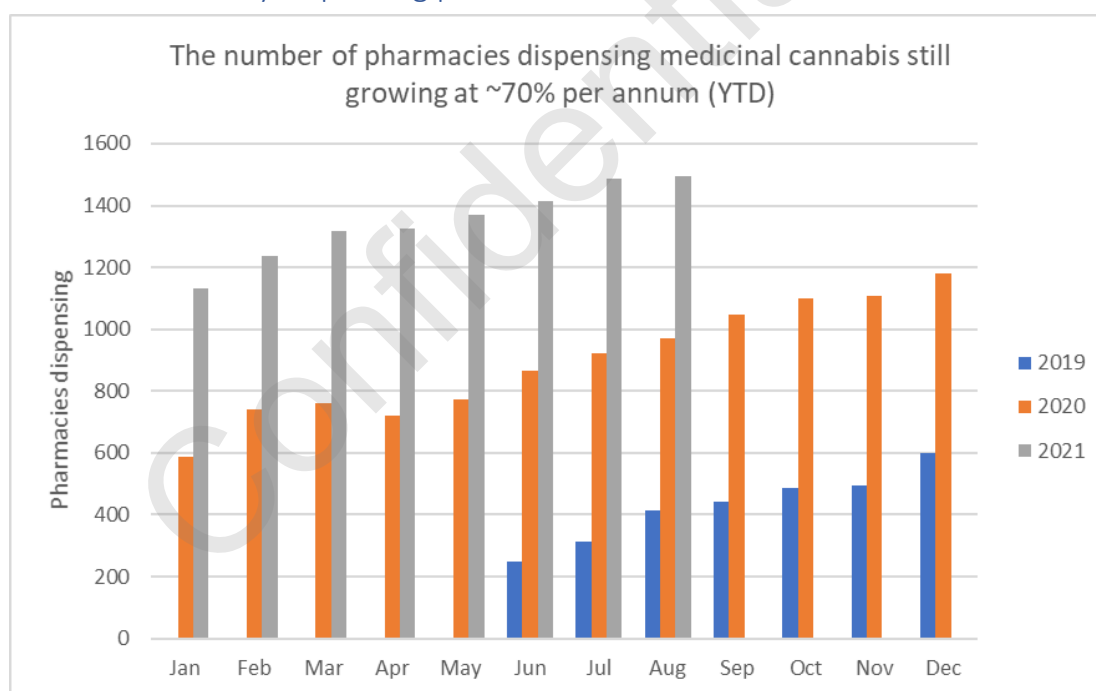


OIL accounts for the majority of dispensed quantities 2021 YTD





Pharmacy dispensing pattern²



Fine print.

NostraData collects data from pharmacies across Australia, and the sample represents approximately 70-75% of the PBS and may change over time. This may not be the case for specialist markets such as Medicinal Cannabis, where some pharmacies may specialise in the therapy and have higher amounts of patients and dispensed items. If these pharmacies are not connected with NostraData, the sales for those products and states may be distorted. Not all products in the class are yet mapped, and so some brand shares may be reported incorrectly until new products have been added to the dataset. While most items have been included, variation over time will be observed as new products are added into the historical dataset.

NostraData provides this information in good faith and does not take responsibility for any decisions made by recipients that are based on this data. No public claims can be made based on this data without prior written permission from NostraData and must be cited when claims are made using the following citation:

Source: NostraData, 2021. *Medicinal Cannabis Market Australia – Interim Report September 2021*

² where a pharmacy dispensed at least one unit in the month – sampled from >4,500 pharmacies in Australia