



### Why invest in Cannabis?

- **Rare Growth Potential:** The recent and expected future legalization represent a sudden unlocking of a growth and innovation opportunity that is rare in both its initial size and dramatic growth potential.
- **Vast Applications:** Cannabis has the potential to be used in an unusually wide range of products and address a wide range of human diseases in the pharmaceutical, health and wellness, and consumer retails industries.
- **Uncommon Competitive Barriers:** Companies that embrace engineering principles, invest in intellectual property, and leverage foundational scientific data, will be long-term winners in the cannabis industry.



### What makes Cann Farm special?

- **Market-oriented Strategy:** As a Licensed Cannabis Importer and Wholesaler in Peru, we are generating cannabis-related revenues since our first year, while developing our commercial and distribution network, both domestic and international.
- **Acceleration Phase:** Our pharma-grade manufacturing facility will contribute with our business in 2021. We also hold a Cannabis Cultivation and Manufacturing License in Colombia, and expect to receive one in Peru in the near future.
- **Optimum Timing:** We will be ready to expand our production capacity in time with the expansion of the cannabis market.
- **90% Cost Advantage:** Cann Farm has the lowest production cost for cannabis, since it enjoys the best location on Earth.
- **Favorable Risk/Reward Profile:** Unique investor proposition, offering debt-like risk coupled with equity upside.
- **Venture Debt Opportunity:** US\$ 2'500,000 Loan with a Promissory Note (3% interest rate), with a 5-year Maturity Term, and a Warrant to purchase Cann Farm Holdings shares up to 20% of Loan (up to US\$ 500,000) at a valuation of US\$ 12'500,000.



Cann Farm SAC  
[www.cannfarm.com](http://www.cannfarm.com)

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## What are the risks?

1. Loss of investment: in case Cann Farm is not successful, Venture Debt investors could lose their money.
  - a. Cann Farm Venture Debt investors benefit of debt-like risk, since they have seniority over Series-A and founders' investors, and they are covered by the fixed assets invested in the company.
2. Regulatory risks (Peru)
  - a. Peruvian authorities might revert the regulatory framework and go back to prohibition of cannabis.
    - i. It is very unlikely this could happen since (1) the Peruvian Health Department has already approved the Sanitary Register (Health Marketing Authorization) for several Cannabis products; and (2) it has imported a cannabis product from the US, which is being sold at their own official pharmacy.
    - ii. Cann Farm holds both a cannabis cultivation license and a cannabis manufacturing in Colombia as a backup.
  - b. The effective implementation of regulation in Peru for Production and Export could take much longer than expected.
    - i. Cann Farm holds a Cannabis Import & Distribution License, and is deploying its initial business as an importer and wholesaler of cannabis health products, in order to generate revenue.
    - ii. Due to its founders' extensive experience running agricultural operations, Cann Farm's structure is highly efficient; our cash burn rate is much lower than any other cannabis company.
3. Technical risks
  - a. Cann Farm could be unable to properly manage the cannabis crop.
    - i. Not only does the Cann Farm team, as well as our founding companies, have extensive experience and proven success and ability managing agricultural operations, we have also executed two cannabis crops in Colombia in 2019 with positive results.
    - ii. A strong innovative approach thru its Agrosience division, is part of the technology upside of the company, with high yielding genetics and bio stimulants to increase phytocannabinoid concentration. Cann Farm founders have been awarded several national R&D competitive grants for innovation projects in LATAM and the US.
    - iii. Cann Farm founders have a combined experience of efficiently managing over 1,000 hectares of six different crops under organic and biodynamic practices and performing ag-consulting services in 30 countries for the last 25 years.
4. Market risks
  - a. Oversupply in some countries and limited access to global markets might reduce global sales volume.
    - i. Cann Farm's project is designed for scaling-up progression, with an initial production area of only 2.5 ha.
    - ii. As part of our differentiation strategy, Cann Farm will produce organic pharma-grade cannabis.
  - b. Market downward pressure on prices could affect our target sales price.
    - i. Due to our unique strategic location, Cann Farm production cost will be the lowest in the industry, which will enable us to cope with price pressure.
    - ii. Our current estimates indicate that our production cost will be 1/10 than the cost of Canadian companies.



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