



Announcement Summary

Entity name

CANN GROUP LIMITED

Announcement Type

New announcement

Date of this announcement

Monday February 15, 2021

The Proposed issue is:

☒ A placement or other type of issue

Total number of +securities proposed to be issued for a placement or other type of issue

ASX +security code	+Security description	Maximum Number of +securities to be issued
CAN	ORDINARY FULLY PAID	5,271,236

Proposed +issue date

Monday March 1, 2021

Refer to next page for full details of the announcement



Part 1 - Entity and announcement details

1.1 Name of +Entity

CANN GROUP LIMITED

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.

1.2 Registered Number Type

ACN

Registration Number

603949739

1.3 ASX issuer code

CAN

1.4 The announcement is

☒ New announcement

1.5 Date of this announcement

Monday February 15, 2021

1.6 The Proposed issue is:

☒ A placement or other type of issue



Part 7 - Details of proposed placement or other issue

Part 7A - Conditions

7A.1 - Are any of the following approvals required for the placement or other type of issue?

- +Security holder approval
- Court approval
- Lodgement of court order with +ASIC
- ACCC approval
- FIRB approval
- Another approval/condition external to the entity

☒ No

Part 7B - Issue details

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

☒ Existing class

Will the proposed issue of this +security include an offer of attaching +securities?

☒ No

Details of +securities proposed to be issued

ASX +security code and description

CAN : ORDINARY FULLY PAID

Number of +securities proposed to be issued

5,271,236

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

☒ No

Please describe the consideration being provided for the +securities

The securities are being issued to a third party entity, Harvest One Cannabis Inc, in consideration for the acquisition by CAN of all of the shares in a group of companies owned by Harvest One, known as the Satipharm business.

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

4,058,853.370000



Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

☒ Yes

Part 7C - Timetable

7C.1 Proposed +issue date

Monday March 1, 2021

Part 7D - Listing Rule requirements

7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the entire issue under listing rule 7.1?

☒ No

7D.1b Are any of the +securities proposed to be issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?

☒ Yes

7D.1b (i) How many +securities are proposed to be issued without security holder approval using the entity's 15% placement capacity under listing rule 7.1?

5,271,236 - maximum number of securities to be issued for the transaction (based on CAN's closing price of \$0.77, and AUD:CAD currency exchange rate of 0.9855 (as at 12 Feb 2021)). No. of shares will change based on share price (VWAP over varying periods), CAD/AUD exchange rate, and whether milestones / earn out targets are met.

- Approx. 3,294,523 shares to be issued on completion (expect 1 Mar 21)

- Approx. 988,357 shares to be issued upon delivery of equipment (anticipated May or June 2021)

- Up to approx 988,356 shares on meeting earn out targets for FY21 (based on revenue, gross margin and EBITDA loss targets), (expect Aug 2021).

Deferred consideration is to be paid in new Cann shares or cash, at Cann's election.

7D.1c Are any of the +securities proposed to be issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)?

☒ No

7D.2 Is a party referred to in listing rule 10.11 participating in the proposed issue?

☒ No

7D.3 Will any of the +securities to be issued be +restricted securities for the purposes of the listing rules?

☒ No

7D.4 Will any of the +securities to be issued be subject to +voluntary escrow?

☒ No

Part 7E - Fees and expenses



7E.1 Will there be a lead manager or broker to the proposed issue?

☒ No

7E.2 Is the proposed issue to be underwritten?

☒ No

7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue

Nil

Part 7F - Further Information

7F.01 The purpose(s) for which the entity is issuing the securities

The securities are being issued to a third party entity, Harvest One Cannabis Inc, in consideration for the acquisition by CAN of all of the shares in a group of companies owned by Harvest One, known as the Satipharm business.

7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?

☒ No

7F.2 Any other information the entity wishes to provide about the proposed issue