

ASX ANNOUNCEMENT

15 June 2023

Non-Renounceable Entitlement Issue

15 June 2023 –Cann Group Limited (ASX: CAN) (**Cann** or the **Company**) is pleased to announce that it has lodged a 'transaction specific' prospectus in accordance with section 713 of the *Corporations Act 2001* (Cth) (the **Act**) (**Prospectus**) with ASIC and ASX for a non-renounceable rights issue to raise approximately \$11.7 million (before associated costs) (**Offer**).

The Offer has two components. Firstly, it includes an entitlement offer which provides Eligible Shareholders (as described below) with the opportunity to subscribe for one (1) new share for every four (4) existing shares held at \$0.12 (12 cents) per share with one (1) free attaching new option for every two (2) shares subscribed for and issued, with an exercise price of \$0.22 (22 cents) per share and an exercise period of 18 months (**Entitlement Offer**).

Secondly, Cann is also offering Eligible Shareholders who subscribe for their full entitlement under the Entitlement Offer the opportunity to increase their shareholding in the Company should there be any shortfall under the Entitlement Offer (**Top Up Offer**). The Top Up Offer has been included to provide maximum opportunity for existing Cann shareholders to subscribe for further shares in the Company.

Eligible Shareholders

Eligible Shareholders are those shareholders with a registered address within Australia or New Zealand as at 7:00pm (Melbourne time) on Tuesday, 20 June 2023 (**Record Date**). Shareholders with a registered address outside Australia and New Zealand at the Record Date will not be eligible to participate in the Offer.

Issue Price

The Issue Price of \$0.12 per (12 cents) New Share is a 14% discount to the last closing price, a 20% discount to the 5 day VWAP and a 27% discount to the 30 day VWAP of Cann Shares as traded on ASX on 14 June 2023.

Purpose of the Offer

The decision to raise capital at this time was a decision not taken lightly by the Board. It was driven by the significant business development potential of the Company and the desire to scale up the Mildura facility.

The key objective of the Offer is to raise the required additional capital to fund our accelerated growth initiatives and to realise the significant increase in production. Over the past few years, we have built a world-class facility at Mildura, witnessed remarkable production progress and achieved several significant milestones, including planting the biggest crop in Cann history in May 2023. We firmly believe that this Offer will enable us to accelerate our growth trajectory and strengthen our market position, including by enabling Cann to pursue an increase in production to reach 12.5 tonnes on an annualised basis.

The funds from the Offer will assist Cann to execute a number of scale up activities including:

- enhanced automation for GMP manufacturing facilities;
- accelerated staffing levels;
- laboratory and Quality Control enhancements;
- Environment, Social and Governance feasibility projects - including solar and waste; and
- research and development – including the development of THC containing capsules.

Funds will also be used towards the working capital of the Company and the costs of the Offer.

Further information on the Offer can also be found on the Cann website using the link <https://www.canngrouponlimited.com/>.

Effect of the Offer

The table below sets out, for illustrative purposes only, the existing Share capital structure (before the Offer) together with the impact of the issue of the Offer. It assumes that no existing options are exercised prior to the Record Date.

Securities	Balance at Prospectus Date	Offer ⁽¹⁾	Total following completion of the Offer
Ordinary shares	388,614,865 ⁽²⁾	97,153,716	485,768,581
Number of options	6,120,000	48,576,858	54,696,858
Number of Lead Manager options	-	2,000,000	2,000,000
Number of Performance Rights	2,930,858	-	2,930,858

Notes

⁽¹⁾ Assuming no existing options or performance rights are exercised prior to the Record Date, all Entitlements are accepted either under the Offer or the Shortfall Offer.

⁽²⁾ Includes quoted and unquoted shares. Unquoted shares represent performance rights that have been converted after the vesting the conditions were met. Holders of these shares are entitled to participate in the Offer.

Timetable

The proposed timetable* for the Offer is as follows:

Event	Date
Lodgement of Prospectus with ASIC and ASX	Thursday, 15 June 2023
"Ex" Date	Monday, 19 June 2023
Record Date (at 7:00pm AEST)	Tuesday, 20 June 2023
Offer Opening Date	Friday, 23 June 2023
Prospectus and Entitlement and Acceptance Form dispatched to Eligible Shareholders	Friday, 23 June 2023
Last day to extend the Offer Closing Date	Thursday, 13 July 2023
Offer Closing Date (at 5:00pm AEST)	Tuesday, 18 July 2023
New Shares under the Offer quoted on a deferred settlement basis	Wednesday, 19 July 2023
Notification of results of Offer	Friday, 21 July 2023
Issue of New Shares and New Options under Offer and Deferred Settlement Trading Ends	Tuesday, 25 July 2023
Anticipated date for despatch of holding statements for New Shares and New Options under Offer	Wednesday, 26 July 2023
Anticipated trading of New Shares under Offer on ASX commences	Wednesday, 26 July 2023

*The above timetable is indicative only (except where historical) and subject to change. Subject to the Listing Rules and Corporations Act, CAN reserves the right to vary any or all of these dates, including the Closing Date, without prior notice or consultation with you. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares and New Options under the Entitlement Offer. The Directors also reserve the right not to proceed with the whole or part of any of the Offer at any time prior to the issue of New Shares and New Options.

The commencement of quotation of New Shares is subject to approval by ASX.

Shortfall Placement

Any New Shares or New Options not subscribed for under the Offer will form the shortfall and will be offered to sophisticated and professional investors by PAC Partners Securities Pty Ltd (ACN 623 653 912) (**Lead Manager**) pursuant to a separate offer in accordance with the mandate between the Lead Manager and the Company (**Shortfall Placement**). Accompanying this announcement is an investor presentation that will be used for the Shortfall Placement.

The Lead Manager will receive a management fee of 2% in respect of amounts subscribed for under the Offer and a selling fee of 6% in respect of amounts subscribed for under the Shortfall

Placement. The Lead Manager will also be issued 2 million options exercisable at \$0.24 (24 cents) per shares and an exercise period of 36 months (**Lead Manager Options**).

How to participate

Eligible Shareholders wishing to participate in the Offer should carefully read the Prospectus and accompanying personalised Entitlement and Acceptance Form which are expected to be dispatched on or around Thursday, 23 June 2023.

Investor Call and Webinar

Cann Group's CEO, Peter Koetsier, will host a webinar on **Wednesday, 5 July 2023 11:00am (AEST)**, providing the opportunity to hear from and engage with management.

To attend the live webinar, please pre-register via the following link:

https://us02web.zoom.us/webinar/register/WN_SXWVFXFhTnqaT0LE2eCF0w

After registering, you will receive a confirmation email containing information about joining the webinar.

Authorised for release by the Board of Directors, Cann Group Limited.

For all information please contact:

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About Cann Group

Cann Group Limited (ABN 25 603 949 739) is building a world-class business focused on breeding, cultivating, manufacturing and supplying medicinal cannabis for sale and use within Australia and for approved overseas export markets. Cann also owns Satipharm, a Europe-based business exclusively licensed to manufacture, develop and market a proprietary delivery system for cannabinoids. Cann has established research, cultivation and GMP manufacturing facilities in Melbourne and is developing a state-of-the-art cultivation and manufacturing facility near Mildura, Victoria. Cann Group has established a leading position in plant genetics, breeding, extraction, analysis and production techniques required to facilitate the supply of medicinal cannabis for a range of diseases and medical conditions. The Company is commercialising a range of imported and locally sourced and manufactured medicinal cannabis products.

Learn more at: www.canngrouponlimited.com | www.satipharm.com