

## TARGET MARKET DETERMINATION

---

<b>Made by</b>	Cann Group Limited ACN 603 949 739 (ASX code: <b>CAN</b> ) ( <b>Company</b> or <b>Cann</b> )
<b>Product</b>	Unlisted options to acquire fully paid ordinary shares in the capital of the Company ( <b>Shares</b> ) pursuant to a prospectus dated 7 October 2024
<b>Effective date</b>	7 October 2024

### 1. About this Document

This target market determination (**TMD**) seeks to provide an outline of the class of investors for which this Product has been designed having regard to the objectives, financial situation and needs of that target market.

This document is not a full summary of the Product's terms and conditions and is not intended to provide financial advice. Investors are strongly recommended when making a decision about this Product to read in full the Prospectus dated 7 October 2024 (**Prospectus**) issued by the Company which outlines the relevant terms and conditions under the Product. The Prospectus was issued by the Company pursuant to section 713 of the *Corporations Act 2001 (Cth)* (**Corporations Act**).

A copy of the Prospectus is available at [www.canngrouponlimited.com](http://www.canngrouponlimited.com).

The offer under the Prospectus comprises a non-renounceable rights issue offer (**Entitlement Offer**) to raise up to approximately \$6.25 million (**Maximum Subscription Amount**). Under the Entitlement Offer, Eligible Shareholders (as defined below) are entitled to subscribe for one (1) new Share (**New Share**) for every three (3) Shares held. The Company is also offering one (1) unlisted option exercisable at \$0.08 each and an expiry date of 24 months after their date of issue (each a **New Option**), at no additional cost for every three (3) New Shares subscribed for and issued under the Entitlement Offer. A maximum number of approximately 156,312,161 New Shares and 52,104,054 New Options are to be issued under the Entitlement Offer<sup>1</sup>.

Shareholders who subscribe for their full entitlement under the Offer (**Entitlement**) may also subscribe for additional New Shares under a Top Up Offer (as defined in the Prospectus). The Top Up Offer comprises, in aggregate, all New Shares not subscribed and issued to Eligible Shareholders which could have been issued under the Entitlement Offer (i.e. up to the Maximum Subscription Amount). One (1) New Option shall also be issued for every three (3) New Shares subscribed and issued under the Top Up Offer.

Where the Company does not receive valid acceptances for the entire Maximum Subscription Amount from Eligible Shareholders under the Entitlement Offer (including applications under the Top Up Offer), the board of directors of the Company (Board) has also reserved the right for the Company, after issuing as many New Shares (and accompanying New Options) for which it receives valid acceptances from Eligible Shareholders, to place some or all of the shortfall under the Entitlement Offer (the Shortfall) at any time during the period of three (3) months after the Entitlement Offer closes (**Shortfall Offer**).

---

<sup>1</sup> Excludes Lead Manager options, which are described separately in the Prospectus.

For every three (3) New Shares issued under the Entitlement Offer, Top Up Offer and the Shortfall Offer (**Offers**), the Company will issue one (1) New Option. A maximum of up to approximately 52,104,054 New Options will be issued, at no costs to the subscribers, under the Offers.

Allocation of New Shares under the Top-Up Offer shall be scaled back pro rata if applications exceed the available additional New Shares. Allocation of any Shortfall remaining after allocation of all subscribed additional New Shares shall be at the discretion of the Board and may also include some scaling back of applications made.

The Entitlement Offer and the Top-Up Offer will be made under the Prospectus. The Shortfall Offer is not being made under the Prospectus.

All recipients of this TMD are recommended to consult their professional adviser if they have any questions regarding the contents of the Prospectus.

Any recipient of this TMD who wishes to apply to be issued New Options under the Offers will need to complete the Entitlement and Acceptance Form (for the Entitlement Offer and Top Up Offer) which accompanies the Prospectus. Any recipient of this TMD who wishes to apply to be issued New Options under the Shortfall Offer will need to contact the lead manager of the Shortfall Offer (as set out in the Prospectus).

There is no cooling off period in respect of the offer and issue of the New Options.

This TMD:

- is not a disclosure document for the purposes of the *Corporations Act 2001 (Cth)*,
- has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (**ASIC**);
- does not contain a full summary of the terms and conditions of the New Options; or
- does not take into account your current financial position or circumstances nor your future needs or requirements.

The Company is not licensed to provide financial product advice in relation to the New Options nor the Offers.

## 2. Target Market

The information below summarises the overall class of investors which fall within the target market for the New Options, based on the product key attributes and the objectives, financial situation and needs which they have been designed to meet.

Factor	Target Market
<b>Investment Objective</b>	<p>As the New Options will expire 24 months after issue, Cann expects that an investment which includes an investment in the New Options will be suitable for current investors (under the Entitlement Offer and Top Up Offer) or new sophisticated or professional investors (under the Shortfall Offer) (<b>Potential Investors</b>) who wish to have a right, but not an obligation, in the medium term, to acquire Shares in Cann.</p> <p>Cann expects that an investment in New Options will be suitable to Potential Investors who wish to increase exposure to equities in a small/mid-cap cannabis company listed on the Australian Securities Exchange (<b>ASX</b>), the exposure being both the New Shares, the New Options and the Shares that underlie the New Options.</p> <p>The New Options are likely to be for Potential Investors seeking to:</p> <ul style="list-style-type: none"> <li>(a) profit from an appreciation in the market price of Shares in Cann by exercising the New Options prior to their expiry date and potentially increasing their exposure to Cann Shares; or</li> <li>(b) reduce risk by locking in a price to purchase underlying Shares,</li> </ul> <p>and who are accustomed to participating in speculative investments in the cannabis sector or small/mid-cap ASX stocks - however investors should first consider the Prospectus, including the risk factors relating to an investment in Cann securities.</p> <p>The New Options are not designed for Potential Investors who require an income stream from their investment in the New Options, or who would want to realise a gain from selling the New Options prior to their exercise (given they are not listed on ASX and are not freely transferable) and/or who do not have investment funds available to exercise the New Options before they expire.</p>
<b>Investment Timeframe</b>	<p>The target market of Potential Investors will take a medium term outlook on their investment and are in a financial position which is sufficient for them to invest their funds over the period from their issue date until the expiry date of the New Options to increase their shareholding and exposure to the potential upside in Cann Shares into the future prior to that expiry date (looking for the ASX price of the listed Cann Shares to be more than the exercise price of the New</p>

Factor	Target Market
	<p>Options to make a gain).</p> <p>Given the need to pay the exercise price in order to acquire Shares, Potential Investors in the target market are in a financial position which is sufficient for them to invest their funds over an 24 month period. Time horizon should they wish to exercise their New Options.</p> <p>Any decision to exercise the New Options is likely to be based on the trading price of the underlying Shares.</p> <p>An investment in the New Options or the resulting Shares should be regarded as highly speculative.</p>
<b>Investment Metrics</b>	<p>As eligibility for investment is restricted to existing Shareholders for the Entitlement Offer and Top-Up Offer; and (sophisticated and professional) investors for the Shortfall Offer, it is expected that the target market of Potential Investors will be able to understand and withstand potential fluctuations in the value of their investment, especially as the New Options are being issued for no additional consideration beyond that for the New Shares which they are subscribing for.</p> <p>An exercise price is required to be paid for the issue of the Shares on exercise of New Options. As such, the capacity to realise the underlying value of the New Options (as opposed to realising value in trading the New Options which cannot occur) would require that they be exercised on or before the expiry date - presumably where the prevailing trading price of the underlying Shares is above the exercise price for the New Options.</p> <p>As the New Options are not tradable or otherwise freely transferable, investors in the target market will need to be in a financial position to have sufficient available funds so as to facilitate an exercise of the New Options prior to the expiry date.</p> <p>Potential Investors ability to access the value in the New Options may be limited by the fact that the New Options are not tradeable or otherwise transferable and a lack of liquidity or market for trading the Shares and the price of the Shares.</p> <p>The New Options (and the resulting Shares) offer <b>no guarantee</b> that there will be a liquid market or any guarantee of income or capital protection or gains.</p>
<b>Risk of Investment</b>	<p>Cann considers that an investment in its Shares upon the exercise of the New Options is highly speculative, such that an investment is not appropriate for a Potential Investor who would not be able to bear a loss of some or all of the investment.</p> <p>Potential Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in New Options as an asset</p>

Factor	Target Market
	<p>class generally and the more specific risks of investing in an Australian listed cannabis company and/or small/mid-cap ASX stocks.</p> <p>There is a substantial risk that the New Options may become:</p> <ul style="list-style-type: none"> <li>• lower in value in the event that the Company's Share price does not appreciate or decreases; and/or</li> <li>• worthless if the Company's Share price on the expiry date is less than the exercise price of New Options.</li> </ul> <p>Further the Shares underlying the New Options may become:</p> <ul style="list-style-type: none"> <li>• lower in value; and/or</li> <li>• worthless,</li> </ul> <p>causing a Potential Investor to lose value in their investment in Shares arising on exercise of the New Options.</p>

### 3. Distribution Conditions

The Entitlement Offer and Top-Up Offer are being made to shareholders resident in Australia or New Zealand on the record date (**Record Date**) of 7.00pm on Thursday, 10 October 2024 (**Eligible Shareholders**).

The Board has reserved the right to place New Shares (and accompanying New Options) under the Shortfall Offer for three (3) months after the close of the Entitlement Offer and Top Up Offer.

The Shortfall Offer (if made) will be made to sophisticated and professional investors (who may or may not be Eligible Shareholders).

The Prospectus includes the jurisdictional conditions on eligibility for the Entitlement Offer and Top Up Offer and similar jurisdictional conditions may be placed on the Shortfall Offer at the discretion of the Company and the lead manager.

The New Options will first be issued to Eligible Shareholders who subscribe under the Entitlement Offer and the Top-Up Offer.

Applications for New Shares (and accompanying New Options) will be scaled back under the Top Up Offer where the number of additional New Shares applied for exceeds the available shortfall of New Shares under the Entitlement Offer.

If there remains any Shortfall after these subscriptions the New Shares (and accompanying New Options) may be issued to subscribers under the Shortfall Offer.

Applications for New Shares (and accompanying New Options) will be scaled back under the Shortfall Offer where the number of New Shares (and accompanying New Options) applied for exceeds the available Shortfall.

The product can only be distributed by the Company to persons making an application for New Shares (and accompanying New Options) pursuant to the applicable application

form accompanying the Prospectus (in the case of the Entitlement Offer and Top Up Offer), or such other application form prepared by or on behalf of the Company or the lead manager of the Shortfall Offer (in the case of the Shortfall Offer).

The Company has emphasised that an investment in the New Options, and in the Shares underlying the New Options, is speculative in nature and not suitable for investors for whom such an investment is inappropriate.

The Company considers that because the Company is determining who will receive the New Options these distribution conditions will ensure that persons who invest in New Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.

#### **4. Review Triggers**

The New Options are being offered for a limited offer period set out in the Prospectus (in the case of the Entitlement Offer and Top Up Offer) or for a period of up to 3 months (if still available) after the close of Entitlement Offer and Top Up Offer (in the case of the Shortfall Offer), after the conclusion of which the New Options will no longer be available for investment by way of a new issue.

As the New Options are not be listed on the ASX, there will not be a market for trading in the New Options.

It follows that the TMD will only apply in the period between the commencement of the offer of the New Options and the issue of the New Options shortly after the close of the Offers (**Offer Period**), after which the TMD will be withdrawn.

To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the New Options and should be reviewed, the following review triggers apply for the Offer Period:

- there is a material change to the New Options key attributes which make it no longer consistent with the likely objectives, financial situation and needs of investors in the target market;
- the Company lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;
- any event or circumstance which would materially change a factor taken into account in making this TMD or the Company otherwise identifies a substantial divergence in how the New Options are being distributed and acquired from which is described in this TMD;
- a significant number of complaints about the New Options are received;
- the existence of a significant dealing of the New Options which is not consistent with this TMD;
- ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the New Options or this TMD; and
- material changes to the regulatory environment which applies to an investment in the New Options.

The Company may also amend this TMD at any time.

## 5. Review Period

If a review trigger occurs during the Offer Period, the Company will undertake a review of the TMD in light of the review trigger as soon as reasonably practicable and, in any case, within five business days of the review trigger occurring. The Company will otherwise complete a review of the TMD immediately prior to the issue of New Options under each of the Offers.

As the Shortfall Offer may extend beyond a period of one month, the Company will undertake a monthly review of the TMD until the Offer Period expires.

## 6. Information Reporting

The reporting requirements of all distributors is detailed in the table below:

Reporting Requirement	Period for reporting to the Company by the distributor	Information to be provided
When the distributor receives a complaint about the New Options	<ul style="list-style-type: none"> <li>For such time as the Offer Period remains open, within 10 business days after the end of each quarter.</li> <li>Within 10 business days after the end of the Offer Period.</li> </ul>	<ul style="list-style-type: none"> <li>The number of complaints received.</li> <li>A summary of the nature of each complaint or a copy of each complaint.</li> </ul>
When a significant dealing of the New Options which is not consistent with this TMD occurs	As soon as reasonably practicable after the significant dealing occurs, but in any event no later than 10 business days after the significant dealing occurs.	<ul style="list-style-type: none"> <li>Details of the significant dealing; and</li> <li>reasons why the distributor considers that the significant dealing is not consistent with this TMD,</li> </ul> <p>but subject to the Company's assessment of the ASX market and whether any "significant dealings" occur in an "on market" environment. In addition, it has no capacity to identify the objectives, financial situation and needs of any investors who acquire the New Options.</p>
A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.	Within 10 business days after the end of the close of the Offers of New Options.	A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.

**7. Contact Details**

Contact details in respect of this TMD for the Company are:

Steven Notaro  
Company Secretary  
Email: [contact@canngrouplimited.com](mailto:contact@canngrouplimited.com)