

For Public Release
 NZX Limited
 Wellington

13 November 2023

Cannasouth to launch a pro-rata renounceable rights issue and provides revenue guidance

Cannasouth Limited (NZX:CBD), New Zealand's first and largest listed medicinal cannabis company is pleased to announce its intention to launch a 1 for 8 pro-rata renounceable rights issue to raise up to circa \$5.6 million ("Rights Offer").

Chairman Tony Ho says: "With the recent verification of our CBD oral solutions and dried cannabis flower products by the Medicinal Cannabis Agency, we are thrilled to announce that Cannasouth has commenced commercial sales of our own manufactured medicinal cannabis products for New Zealand patients.

"Our journey to date has been marked by achieving significant milestones. We have launched our own products and positioned the business to become the largest supplier of medicinal cannabis products to the New Zealand market, but cash is required to fund the business while sales ramp up."

- In FY2024, Cannasouth expects to achieve \$6 to \$10 million of revenues, primarily from the New Zealand and Australian markets¹.
- Importantly, Cannasouth expects to be operating cashflow positive by the end of 2024 or early 2025.

However, as we stand at this pivotal juncture shareholder participation in this Rights Issue is crucial to achieve these revenue and cashflow targets.

Details of the Rights Offer are as follows:

Rights Offer size and structure	\$5.6 million pro rata renounceable rights offer to eligible shareholders at a ratio of 1 for 8 (Rights Offer)
Rights Offer price	\$0.14 per New Share (Offer Price)
No quotation of Rights, but sale of Rights is permitted	The Rights will not be quoted on the NZX Main Board, and accordingly there will be no established market for Rights. You are entitled to sell your Rights privately to a buyer you identify.
Eligibility	Only shareholders with registered addresses in New Zealand or Australia on the Record Date will be entitled to participate in the Rights Offer
Oversubscriptions	Eligible shareholders who elect to take up all their Rights in full, will have an opportunity to apply for additional shares at the issue price of \$0.14.

¹ The board believes it can achieve the revenues stated based on the size of the New Zealand and Australian markets, expected market growth, and achievable market share. Directors have used market information from various sources, including research reports and data from prescribers and pharmacies. However, because this is a developing market there is risk inherent in these assumptions.

Ordinary Shares	The New Shares to be issued under the Rights Offer will rank equally in all respects with the Existing Shares on issue in CBD.
Use of proceeds	<p>The funds raised from the Rights Offer will be applied towards the costs associated with:</p> <ul style="list-style-type: none"> • Driving sales momentum of recently verified oral solutions and dried flower products in New Zealand and Australia • Meeting market demands with new plant genetics • Commercialisation of first gen-2 products • Delivery of expanded range of APIs to include THC based ingredients and products • Growing online RestoreMe Clinic • General working capital • ASX dual listing in 2024

The key dates for the Rights Offer are as follows:

Announcement of the Offer	13 November 2023
Record Date for determining Rights	5pm 21 November 2023
Opening Date for the Offer	22 November 2023
Dispatch of Offer Documents and Entitlement and Acceptance Forms	23 November 2023
Closing Date for the Offer	5pm 7 December 2023
Announcement of results of the Offer	12 December 2023
Allotment of New Shares, dispatch of holder statements and commencement of trading of New Shares	15 December 2023

The above dates are subject to change at the discretion of CBD, subject to compliance with NZX Listing Rules requirements. CBD reserves the right to withdraw the Rights Offer at any time prior to the issue of New Shares under the Rights Offer at its absolute discretion.

A copy of the Corporate Action Notice accompanies this announcement.

-ENDS-

For further information visit www.cannasouth.co.nz or contact:

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About Cannasouth Limited

Cannasouth is a vertically integrated biopharmaceutical Group. The Group has been established to focus on the commercial development of the medicinally beneficial attributes of cannabinoid compounds produced by the cannabis plant, and other health products and medicines. Our goal is to support patients' health outcomes and improve their quality of life. Our products are produced under GMP, using environmentally friendly methods, ensuring patients are treated with therapeutic products of the highest quality. Cannasouth Limited is the parent company, listed on the NZX, and is 100% owner of Cannasouth Bioscience Ltd, Cannasouth Cultivation Ltd and Equalis Group New Zealand Ltd.

For video footage, photos and logos please visit: <https://www.cannasouth.co.nz/about/media/>