

Market Update for Shareholders

30 November 2022 - AusCann Group Holdings Limited (ASX: AC8) ('AusCann' or 'the Company') is pleased to provide a market update to shareholders ahead of the Company's Annual General Meeting.

Strategic agreement and loan facility with Eurocann

In April 2022, AusCann announced that it had entered into a secured loan facility with European Cannabis Corporation Ltd ('Eurocann') ('Secured Loan Agreement') to provide Eurocann with capital to scale up its cannabis cultivation and extraction capabilities and, additionally, that it had entered into a binding term sheet with Eurocann to exploit mutual opportunities in the European and Australian cannabis markets **[ASX:AC8 29 April, 2022]**. On 9 September 2022, AusCann announced that it had agreed to increase the facility under the Secured Loan Agreement by A\$3.75 million **[ASX:AC8 9 September, 2022]**.

Eurocann is an Australian, unlisted public company which owns (through its wholly owned subsidiary HAPA Pharm B.V.) 100% of HAPA Pharm GmbH ('HAPA') in Germany. Eurocann has been an early mover in the European cannabis market as one of the only Companies with EU-GMP certification for the cultivation, extraction, and manufacture of medicinal cannabis products.

Under the Term Sheet, AusCann signed an exclusive right to import HAPA's Medicinal Cannabis products, subject to the relevant licenses being approved from the relevant regulatory bodies, ahead of recently announced changes to the Therapeutic Goods Order 93 ('TGO93').

Changes to TGO93 are designed to prevent international manufacturers that had not previously been required to comply with TGO93 or equivalent GMP codes, from supplying the Australian market with finished cannabis products. The opportunity to import and distribute high quality EU-GMP grade cannabis products into Australia is of interest to both parties to further strengthen the existing partnership and fill an expected gap in the market after the change in legislation (anticipated by 30th June, 2023).

Based on the funds advanced to Eurocann it is anticipated that they will produce 10-12 tonnes of GMP Flower and more than 50,000 bottles of EU-GMP cannabis oil in calendar year 2023, doubling in 2024.



HAPA facility located at Spanchevo, Macedonia, with 10 greenhouses and capacity to expand to 50.

Registered office: Level 5, 35 Havelock Street, West Perth WA 6005
T: +61 8 6444 1720 E: info@auscann.com.au www.auscann.com.au



Internal greenhouses, with high THC flowering plants at Spanchevo, Macedonia.

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AusCann is expected to finalise an application in Q1 2023 to secure the relevant regulatory licences to enable the import of EU-GMP cannabis under the Term Sheet, following the changes to TGO93 in June, 2023.

Research and Development Tax Refund

AusCann is pleased to advise that it has submitted its R&D Tax Incentive Refund for the 2022 financial year and is expecting an estimated rebate of \$1.1m in Q1 2023. The Australian Government's R&D Tax Incentive program provides companies with a tax offset for eligible R&D activities.

The funds received will be used for working capital purposes.

Proposed Transaction

The securities of AusCann were suspended from quotation on a voluntary basis at the request of AusCann on 31 August 2022, pending the release of an announcement of a proposed transaction under Listing Rule 11.1 ('Proposed Transaction').

The ASX has exercised its discretion under Listing Rule 11.1.2 to require the Proposed Transaction to be conditional on approval by the AusCann's ordinary security holders and under Listing Rule 11.1.3 to require AusCann to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

It's expected that the AusCann's securities will remain suspended until AusCann has recompiled with Chapters 1 and 2 of the Listing Rules.

AusCann will provide the market with further updates in relation to the Proposed Transaction in due course.

Wangara Facility Sale

In September 2022, the Company announced its wholly-owned subsidiary, AusCann Operations Pty Ltd (AusCann Ops) had entered into a conditional contract for the sale of the property held by AusCann Ops at 11 Excellence Drive, Wangara WA 6065.

However, as announced in the September quarterly update, the conditional contract lapsed as a result of incomplete Due Diligence. The Company remains in ongoing discussions with the Purchaser, and other interested parties, and will continue to update the market accordingly **[ASX:AC8 29 September, 2022]**.

ENDS

This ASX announcement was authorised for release by the Board of AusCann.

For more information, please contact:

Tod McGrouther
Chair
info@auscann.com.au
+61 8 6444 1720

ABOUT AUSCANN

AusCann Group Holdings Limited (ASX:AC8) is an Australian-based company focused on the development and commercialisation of cannabinoid-derived therapeutic products to address unmet needs for humans and animals within Australia and internationally. Our key difference is the commitment to rigorous product development, focused on providing reliable, stable and standardised cannabinoid-derived therapeutics products, whilst generating robust safety, quality assurance and efficacy data to support market access in various regulatory environments around the world.

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