



ASX ANNOUNCEMENT

31 October 2022

Share Purchase Plan Offer Opens

31 October 2022 – Cann Group Limited (ASX: CAN) (**Cann** or the **Company**) confirms that, in accordance with the announcement on 25 October 2022, the offer to eligible shareholders to purchase ordinary shares through the Company's Share Purchase Plan Offer (SPP Offer) opens today, Monday 31 October 2022.

A copy of the letter to shareholders and the SPP Offer documents are attached to this announcement.

For further information regarding the SPP Offer please contact your stockbroker or professional adviser, or Ms Deborah Ambrosini, Cann Group Limited Chief Financial Officer and Company Secretary on +61 3 9095 7088.

Authorised for release by the Company Secretary, Cann Group Limited.

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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 the proprietary Gelpell delivery system for cannabinoids. Cann has established research and cultivation 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.canngrouplimited.com | www.satipharm.com

31 October 2022

Dear Shareholder

Cann launches Share Purchase Plan

Cann Group Limited (ACN 25 603 949 739) (ASX:CAN) (**Cann** or **Company**) is pleased to offer eligible shareholders an opportunity to acquire additional Cann shares under a Share Purchase Plan Offer (**SPP Offer**) to raise an amount between \$8.0 million and \$10.0 million.

Under the SPP Offer, each eligible Cann shareholder as at 7.00pm (AEDT) on Monday 24 October 2022 (**Record Time**) has an opportunity to subscribe for a minimum of \$500 and up to \$30,000 of new Cann shares, without incurring brokerage or transaction costs.

Eligible Cann shareholders are holders of fully paid ordinary shares in Cann at the Record Time and whose address on the share register is in Australia, New Zealand or Ireland provided that (1) such shareholder is not a US person or acting for the account or benefit of a person in the United States and (2) for shareholders with addresses in New Zealand, such persons continue to hold fully paid ordinary shares in Cann from the Record Time to 7.00pm (AEDT) on the day before the SPP Offer opens, being Sunday 30 October 2022.

The intention to launch the SPP Offer was announced on Tuesday 25 October 2022.

Following the 2021 acquisition of Satipharm and its patent-protected micro-encapsulation technology, Cann Group executed a successful technology transfer to instal a pilot-scale Satipharm manufacturing line at its new flagship Mildura facility, which has since received a Good Manufacturing Practice (GMP) license from the Therapeutic Goods Administration (TGA), allowing products made in Mildura to be provided for human therapeutic use.

In parallel, Cann Group launched a Phase III placebo-controlled, randomised clinical trial investigating whether low-dose Satipharm CBD capsules are effective for treating mild sleep disturbances, targeting an over-the-counter Schedule 3 drug registration.

In April 2022, Haleon (formerly GSK Consumer Healthcare), the world's largest consumer healthcare company, secured an exclusive evaluation and option agreement to commercialise over-the-counter Satipharm CBD capsules in Australia and potentially other markets globally. Cann and Haleon have been negotiating the terms of a definitive agreement while Cann's clinical trial is ongoing.

Funds from the SPP will contribute to the Company's strategic investment in expanding GMP manufacturing capabilities at Mildura. This is in preparation for the scaling up of production which is needed to respond to the anticipated significant demand for Satipharm products, including over-the-counter CBD products once they become available as registered S3 medicines. Investments will also contribute to:

- Commercial scale encapsulation and packaging
- The development of THC-containing Satipharm products
- Increasing capacity and efficiency for GMP dried flower packing

Funds will also be used to assist with working capital over the medium term, while the Company pursues both the scale-up of manufacturing capability and the preparation and submission of a registration dossier.

The SPP Offer aims to raise an amount between \$8.0 million and \$10.0 million and is not underwritten. To the extent that the SPP Offer results in acceptances in excess of \$10.0 million, Cann reserves the right to accept more than \$10.0 million, subject to compliance with the ASX Listing Rules, and also reserves the right to scale back acceptances on a pro rata basis, based on securities applied for under the SPP Offer.

The SPP offer price per share (**Offer Price**) is \$0.22 per share, which is an 18.80% discount to the 5 day volume weighted average price of Cann's shares up to and including 24 October 2022 and an 18.52% discount to the closing price of Cann's shares on 24 October 2022.

The SPP Offer opens today, Monday 31 October 2022 and closes at 5.00pm (AEDT) on Friday 18 November 2022, subject to the Company's right to close the SPP Offer early or to extend the SPP Offer period, in its absolute discretion.

Full details of the SPP Offer are available in the SPP Offer booklet (a copy of which is attached to this letter).

On behalf of the Board, I invite you to consider this opportunity to increase your investment in the Company and to continue your support during this transformational and exciting period of the Cann Group.

For further information regarding the SPP Offer please contact your stockbroker or professional adviser, or Ms Deborah Ambrosini, Cann Group Limited Chief Financial Officer and Company Secretary on +61 3 9095 7088.

A handwritten signature in black ink, appearing to read 'Allan McCallum', followed by a period.

Allan McCallum, AO
Chairman
Cann Group Limited

CANN GROUP LIMITED - 2022 SHARE PURCHASE PLAN OFFER BOOKLET

IMPORTANT NOTICE

If you apply to participate in the Cann Group Limited Share Purchase Plan by making a BPAY® payment or returning a completed Application Form with a cheque, you are accepting the risk that the market price of Cann Shares may change between the Record Time, the date on which you apply for New Shares and the Allotment Date. This means it is possible that up to or after the Allotment Date, you may be able to buy Cann Shares at a lower price on the ASX than the price you pay under the SPP Offer. Cann encourages you to seek professional financial and taxation advice regarding your participation in the SPP Offer.

1. WHAT IS THE SPP OFFER?

Eligible shareholders in Cann Group Limited (**Cann**) have the opportunity to participate in the Share Purchase Plan offer (**SPP Offer**) by subscribing for a minimum of \$500 up to \$30,000 of fully paid ordinary shares in Cann (**New Shares**) at \$0.22 per New Share (**Offer Price**), without incurring brokerage. Details of this offer and how to participate are set out below.

All New Shares issued under the SPP Offer will rank equally with, and carry the same voting rights, dividend rights and other entitlements as, existing fully paid ordinary shares in Cann (**Cann Shares**) from their date of issue.

The SPP Offer is made in accordance with the requirements of *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (INS 2019/547)*.

2. SPP OFFER KEY DATES*

Event	Date
Record Time	7:00 pm (AEDT), Monday 24 October 2022
SPP Offer opens	Monday 31 October 2022
SPP Offer closes	Friday 18 November 2022
Completion announcement date (and notice of scale backs, if any)	Wednesday 23 November 2022
Allotment Date	Friday 25 November 2022
Dispatch Holding Statements	Monday 28 November 2022

* dates are indicative only and subject to change at the discretion of the Company

3. WHO IS AN ELIGIBLE SHAREHOLDER?

You are eligible to participate in the SPP Offer (**Eligible Shareholder**) if you were a registered holder of Cann Shares at the Record Time:

- (a) with an Australian or Irish address (as shown on Cann's share register); or
- (b) with a New Zealand address (as shown on Cann's share register) and continue to be as at 7.00pm (AEDT) on the day before the SPP Offer opens, being Sunday 30 October 2022,

and in either case, provided you:

- (c) do not hold Cann Shares on behalf of another person who resides outside Australia, New Zealand or Ireland, in which case you will not be eligible to participate in respect of the Cann Shares of that person; and
- (d) you are not and are not acting for the account or benefit of, a U.S. Person (**U.S. Person**) as defined in Regulation S under the US Securities Act of 1933, as amended (**US Securities Act**).

Cann has determined that it is not practical for holders of Cann Shares with addresses on the share register in jurisdictions outside Australia, New Zealand or Ireland to participate in the SPP Offer (see "*Foreign Securities Restrictions*" below for more information on restrictions on participation).

4. PARTICIPATION BY ELIGIBLE SHAREHOLDERS

Single holders – If you are the registered holder of a Cann Share, but you receive more than one offer under the SPP Offer (for example, due to multiple registered holdings), you may only apply

for a minimum of \$500 up to a maximum amount of \$30,000 of New Shares.

Joint holders – If you are recorded with one or more other persons as the joint holder of a Cann Share, that joint holding is considered to be a single registered holding for the purpose of the SPP Offer and certifications or representations given by a joint holder are taken to have been given by all joint holders. Joint holders are only entitled to participate in the SPP Offer in respect of that single holding. If the same joint holders receive more than one offer under the SPP Offer due to multiple identical holdings, the joint holders may only apply for one amount between \$500 and \$30,000 of New Shares.

Custodians – If you hold Cann Shares as a custodian (as defined in INS 2019/547) for one or more Beneficiaries (as defined below), the SPP Offer is made to the custodian and, subject to a number of conditions, the custodian has the discretion to extend the SPP Offer to the Beneficiaries. The custodian may apply for a minimum of \$500 up to a maximum amount of \$30,000 of New Shares for each Beneficiary, however, Cann will not issue New Shares unless the custodian certifies the matters set out in paragraph 8 of INS 2019/547 in a certificate (**Custodian Certificate**) which it will need to provide to Cann's share registry, Link Market Services Limited (**Share Registry**) so that it is received by 5.00pm (AEDT) on the closing date of Friday 18 November 2022. A **Beneficiary** is a person who resides in Australia, New Zealand or Ireland (and is an Eligible Shareholder) for whom a custodian held Cann Shares on behalf of the Beneficiary at the Record Time, and who is not, or is not acting for the account or benefit of, a U.S. Person.

Custodians can obtain a Custodian Certificate by emailing

capitalmarkets@linkmarketservices.com.au

Applications received from custodians must be accompanied by a duly completed and signed Custodian Certificate.

Custodians will not be entitled to participate in the SPP Offer if their participation would be in breach of INS 2019/547.

Nominees and custodians may not distribute this booklet, and may not permit any beneficial shareholder to participate in the SPP Offer in any country outside Australia, New Zealand or Ireland, except with the consent of Cann.

5. HOW TO APPLY FOR NEW SHARES

The SPP Offer opens on Monday 31 October 2022. Under the SPP Offer, you may apply for new Cann Shares with a minimum value of \$500 up to a maximum value of \$30,000.

Apply using BPAY

For Eligible Shareholders with an Australian bank account, you may apply for New Shares under the SPP Offer by making a BPAY payment on the internet or by telephone by using the BPAY Biller Code and your personalised customer reference number shown on your Application Form, which is required to identify your holding. If you make your payment using BPAY you do not need to return a copy of the Application Form, but are taken to make the certifications and representations described in this booklet.

Apply using a printed Application Form

Alternatively, a completed Application Form may be returned together with your cheque made payable to 'Cann Group Limited' drawn on an Australian bank and in Australian dollars for the correct amount, to the Share Registry.

General information

Applications must be received by 5.00pm (AEDT) on Friday 18 November 2022. Applications received after that time may not be accepted.

Applications with a cheque payment can be posted to:

Cann Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney NSW 1235

If the amount of your BPAY payment or the cheque tendered with your Application Form is:

- (a) greater than \$30,000 – subject to scale back, Cann will allot the maximum number of New Shares to you and will refund the excess application money (greater than \$2.00) to you; or
- (b) is not a multiple of the Offer Price (defined below in section 9) or subject to scale back, Cann will allot to you the number of New Shares that would have been allotted had you applied for a multiple of the Offer Price that is nearest to but less than the amount of your BPAY payment or cheque

and will refund the excess application money to you.

Cann will refund application monies received from ineligible shareholders, subject to compliance with its legal obligations.

If your cheque does not clear, your application will not be accepted and you agree to be responsible for any dishonour fees or other costs incurred. If your cheque is dishonoured, it will not be re-presented.

If your Application Form is incomplete, contains errors or is otherwise invalid or defective, Cann may, in its sole discretion, accept, reject, correct or amend your application, issue such number of New Shares to you as it considers appropriate, refund your application money, or take any combination of these actions. Any refund will be paid to you shortly after the close of the SPP Offer.

No interest will accrue or be paid to applicants on any application money, whether refunded or not.

Applications and payments under the SPP Offer may not be withdrawn once they have been received by Cann. **Do not forward cash.** Receipts for payment will not be issued.

6. PARTICIPATION IS OPTIONAL

Participation in the SPP Offer is entirely optional (subject to the eligibility criteria set out in this booklet).

The offer to acquire New Shares is not a recommendation or other financial advice.

If you are in any doubt about the SPP Offer, whether you should participate in the SPP Offer or how participation will affect you, you should seek professional financial and taxation advice before making a decision as to whether or not to accept this offer.

7. OVERSUBSCRIPTIONS AND SCALE BACKS

If applications for New Shares under the SPP Offer exceed \$10.0 million, Cann may, at its absolute discretion, accept oversubscriptions on a pro rata basis, based on securities applied for under the SPP Offer.

If applications for New Shares under the SPP Offer exceed the total amount Cann ultimately decides to accept (i.e. \$10.0 million or a higher amount), Cann may allocate to you less than the

number of New Shares you have applied for (scale back). If there is a scale back, it will be on a pro rata basis, based on securities applied for under the SPP Offer.

If there is a scale back you may receive less than the parcel of New Shares for which you have applied. If a scale back produces a fractional number of New Shares when applied to your parcel, the number of New Shares you will be allocated will be rounded down to the nearest whole number of New Shares. In the event of a scale back, the difference between the application monies received, and the number of New Shares allocated to you multiplied by the Offer Price, will be refunded to you (as described below), without interest payable to you, as soon as practicable following allotment.

8. HOW WILL APPLICATION MONIES BE REFUNDED?

Any application monies refunded by Cann will be paid by direct credit or cheque (the payment method will be determined by Cann in its absolute discretion) in Australian currency.

By applying for New Shares, each shareholder authorises Cann to pay any monies to be refunded by using the payment instructions of the shareholder recorded in the Share Registry's records if Cann elects to pay in this manner.

9. OFFER PRICE

Under the SPP Offer, Eligible Shareholders have an opportunity to subscribe for New Shares at \$0.22 per New Share.

You should note that the price of Cann Shares on ASX may rise or fall between the date of the SPP Offer, the date of your acceptance of the SPP Offer and the date when New Shares are allotted and issued to you under the SPP Offer.

The price you pay per New Share pursuant to this offer may be either higher or lower than the Cann Share price at the time of the offer or at the time the New Shares are issued and allotted to you under the SPP Offer. Cann recommends that you monitor the Cann Share price and any Cann announcements, which can be found on the ASX website at www.asx.com.au (ASX code: CAN) or (for announcements only) on Cann's website at <https://investors.canngrouponlimited.com/Investors/>.

10. HOW MUCH CAN YOU INVEST?

The SPP Offer is required to comply with INS 2019/547. Under that instrument, shareholders may only acquire up to a maximum of \$30,000 of shares under a share purchase plan or similar plan in any 12 month period, noting that this SPP Offer is for a minimum of \$500 up to a maximum of \$30,000 per Eligible Shareholder (except in certain circumstances as described in “*Participation by Eligible Shareholders*” above).

This limitation applies, for example, even if you receive more than one Application Form or if you hold Cann Shares in more than one capacity – e.g., if you are both a single and joint holder of Cann Shares, as set out in “*Participation By Eligible Shareholders*”. An Eligible Shareholder may apply on different Application Forms for New Shares but may not apply for New Shares with an aggregate amount of less than \$30,000 or more than \$500. The \$500 minimum and the \$30,000 maximum applies irrespective of the number of Cann Shares you hold at the Record Time.

11. EFFECT OF APPLYING TO PARTICIPATE

If you apply to participate in the SPP Offer by submitting a BPAY payment or completing and returning the Application Form, you will be deemed to have represented to Cann, on behalf of each person on whose account you are acting, that:

- (a) you acknowledge that you are, and each person on whose account you are acting is, an Eligible Shareholder;
- (b) you agree that your application is made on, and you agree to be bound by, the terms and conditions of the SPP Offer set out in this booklet, and Cann’s constitution;
- (c) you declare that all details and statements in your Application Form are true and complete and not misleading;
- (d) your application is irrevocable and unconditional;
- (e) you acknowledge that the New Shares have not, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia and

accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;

- (f) you are not a U.S. Person and you have not and will not send any materials relating to the SPP Offer to any person in the United States or that is, or is acting for the account or benefit of a U.S. Person;
- (g) that the total of the application price for the following does not exceed \$30,000:
 - (i) the New Shares the subject of your BPAY payment or Application Form;
 - (ii) any other New Shares applied for by you under the SPP Offer or any similar arrangement in the 12 months before the application;
 - (iii) any other New Shares which you have instructed a custodian to acquire on your behalf under the SPP Offer; and
 - (iv) any other New Shares which were issued to a custodian on your behalf, under the SPP Offer or any similar arrangement in the 12 months before the application, as a result of an instruction given by you,even though you may have received more than one offer under the SPP Offer or received offers in more than one capacity under the SPP Offer;
- (h) you are in compliance with all relevant laws and regulations (including, without limitation, section 1043A (insider trading) of the *Corporations Act 2001* (Cth) and laws and regulations designed to restrict terrorism financing and/or money laundering);
- (i) you are not a “designated person” or “designated entity” (or other like term) for the purpose of any domestic or international law or regulation implementing United Nations sanctions; and

- (j) you acknowledge that the price of Cann Shares on ASX may rise or fall between the date of this offer, the date of your application and the date when New Shares are allotted and issued to you and that the price you pay per New Share pursuant to this offer may exceed the price of Cann Shares on ASX at the time the New Shares are issued and allotted to you under the SPP Offer.

12. CALCULATION OF THE NUMBER OF NEW SHARES TO BE ISSUED TO YOU

If you apply for New Shares under the SPP Offer, you will apply for a certain value, rather than a certain number, of New Shares. Subject to the terms and conditions in this booklet, the number of New Shares you are issued will be determined by:

if there is no scale back, dividing the aggregate application money that you pay in applying for New Shares by the Offer Price; or

if there is a scale back, dividing the value of the parcel of New Shares allocated to you by the Offer Price.

Any fractions of a New Share will be rounded down to the nearest whole number of New Shares.

13. ALLOTMENT AND QUOTATION DATES

New Shares are expected to be allotted under the SPP Offer on Friday 25 November 2022 and Cann expects to apply for those New Shares to be listed for quotation on ASX on or about Monday 28 November 2022.

Cann expects to dispatch a holding statement or confirmation advice in respect of the New Shares allotted to you under the SPP Offer on Monday 28 November 2022. You should confirm your holding before trading in any New Shares you believe have been allotted to you under the SPP Offer.

In advance of receiving your written confirmation of issue of New Shares, you can check the number of New Shares issued under the SPP Offer by using the Share Registry website linkmarketservices.com.au and following the security access instructions.

14. FOREIGN SECURITIES RESTRICTIONS

General

This booklet has been issued for the personal use of the recipient only and exclusively for the purpose set out in this booklet. Accordingly, the information contained in this booklet may not be used for any other purpose nor may it be disclosed to any other party, and it is strictly non-transferable.

This booklet does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or any other place other than Australia, New Zealand or Ireland. The New Shares have not been and will not be registered under the US Securities Act, or the securities laws of any state or other jurisdiction of the United States or any other place and may not be offered, sold or delivered, directly or indirectly, in, or to persons in, the United States or any other place, except in accordance with an available exemption from registration.

Because of these legal restrictions, and consistent with the representations contained in this booklet, you must not:

- (a) send copies of this booklet or any other material relating to the SPP Offer to any person in the United States or any other place or who is, or is acting for the account or benefit of, U.S. Persons; or
- (b) make payment by BPAY or submit an Application Form or otherwise for New Shares for any person in the United States or any other place or who is, or is acting for the account or benefit of, U.S. Persons.

This booklet has been prepared for publication in Australia, New Zealand and Ireland only and may not be released elsewhere. Failure to comply with these restrictions may result in violations of applicable securities laws.

Ireland

This booklet has not been, and will not be, registered with or approved any securities regulator in Ireland or elsewhere in the European Union. Accordingly, this booklet may not be made available, nor may the New Shares be offered for sale, in Ireland except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (as amended) (the **EU Prospectus Regulation**), or the European Union (Prospectus) Regulations of Ireland 2019. This offer for New Shares does not, and is not intended to,

constitute an offer of securities to the public within the meaning of applicable EU Prospectus Regulations. The New Shares are not offered in any jurisdiction in circumstances that would require a prospectus to be prepared pursuant to the EU Prospectus Regulation.

This booklet has not been, and it is not intended that it will be, reviewed, approved or disapproved by the Central Bank of Ireland nor by any other competent or supervisory authority of any other member state of the European Economic Area for the purposes of the EU Prospectus Regulation, nor has any such authority passed upon the accuracy or adequacy of this document nor is it intended that the Central Bank of Ireland or any such authority will do so.

No offer of securities to the public is being, or shall be, made in Ireland or any other member state of the European Economic Area on the basis of this booklet.

15. ADDITIONAL INFORMATION

The offer to purchase New Shares under the SPP Offer is non-renounceable. This means that you cannot transfer your right to purchase New Shares under the SPP Offer to anyone else. The entitlement to participate in the SPP Offer is in respect of fully paid ordinary Cann Shares only. No brokerage is payable by you in respect of the issue of New Shares under the SPP Offer.

Cann reserves the right to waive strict compliance with any provision of the terms and conditions in this booklet, to amend or vary these terms and

conditions and to suspend or terminate the SPP Offer at any time. Any amendment, variation, suspension or termination will be binding on all Eligible Shareholders even where Cann does not notify you of that event. Cann may make determinations in any manner it thinks fit, including in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP Offer, whether generally or in relation to any participant or application. Any determination by Cann will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates. Cann's rights may be exercised by the Board or any delegate of the Board.

All amounts are in Australian dollars, unless otherwise stated. For details regarding Cann's privacy policy and how your personal information is managed, go to

<https://canngrouponlimited.com/privacy-policy>.

This offer is governed by the law in force in Victoria, Australia. By accepting this offer, you submit to the non-exclusive jurisdiction of the courts of Victoria, Australia.

16. FURTHER INFORMATION

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser, or Ms Deborah Ambrosini, Cann Group Limited Chief Financial Officer and Company Secretary on +61 3 9095 7088.