

04 August 2023

Dear Shareholder and Supporters

I would like to personally thank you for your support of the Cannasouth Group as we continue to build the business and solidify our position as the leader in New Zealand's sunrise medicinal cannabis industry. While the journey to this point has been long and complex, the market ahead is expanding rapidly and we are ideally positioned to capitalise on the opportunities it presents.

Merger Implementation

In two months since Cannasouth (NZX:CBD) merged with Eqalis, the integration of the teams is in full swing. The new leadership team is confirmed – departments' key goals are set. And we have an impressive team of leaders to take the Company to its next growth phase.

Profiles on our leaders are available below. Three key integration changes are:

- Greg Mission will combine two complementary innovation units into one powerhouse covering ideation through to commercialisation for all business activities. The role of Chief of Innovation will harness Greg's entrepreneurial drive, designed to create competitive advantage through innovation.
- Tony Clark has expanded his role from cultivation operations to oversight of all GMP manufacturing activity. His extensive engineering, manufacturing, and pharmaceutical experience will drive this important part of our business.
- David Macaskill brings his technical and IP / legal skills to his role as Chief Commercial Officer. David has an intimate knowledge of all aspects of the medicinal cannabis supply chain.

We are focusing on optimising our initial merger plan on activities that deliver immediate revenues with demonstratable growth metrics and trajectory whilst also delivering on merger cost efficiencies.

The board supports the prioritisation of activities for;

- Commercialisation of products already in the pipeline e.g., premium dried flower, cannabis-based ingredients, oral solutions, next-generation formulations
- RestoreMe Clinic
- Medium-term and longer-term projects. Further details will be announced at the appropriate time.

Products and Sales

With end-to-end GMP certification, starting with the production of dried cannabis flower, through to the manufacture of cannabis-based ingredients and medicinal cannabis products (oral solutions), we are in a strong position to fulfil market demands for New Zealand and globally. Here is a summary of our new products in development:

Successfully Verified Products

- THC Oral Solutions – verified by the Medicinal Cannabis Agency (MCA) in [May 2022](#)
- Dried Flower as Start Material – verified by batch for export, first export to Australia [June 2023](#)
- CBD Cannabis-based Ingredient – verified by MCA in [June 2023](#), allows for local and export ingredient sales (and is key to verifying future medicinal cannabis products)

Products Awaiting Verification

- CBD Oral Dose Products – awaiting verification from MCA
- Premium Dried Flower for Prescription in NZ – product application submitted to MCA July 2023 – an area we have fast-tracked due to its high-growth in demand.

Upcoming Products

- Gen2 Drug Delivery Platform – Gel technology for enhanced patient experience and optimised bioavailability
- Further Cannabis-based Ingredients
- Further Oral and Topical Solutions
- Further Strain-specific cultivars for dried flower sales

Innovation and Projects

The New Zealand medicinal cannabis market is growing rapidly. Through innovation, we can seize the opportunity to make the sector one of New Zealand's fastest growing international exports, delivering high quality and affordable products to local and international patients.

We have a range of projects in the pipeline designed to deliver shareholder value in the short, medium and longer term.

Now

- RestoreMe Clinic Scale-Up and Phased Service Enhancements
- Next-Generation Formulations

Future

- Project ICE-X
- Project Z-Grow
- Novel Cannabinoid Discovery
- Project A-Script

Planning for Dual Listing on the ASX

The Board recently approved the dual listing of the Company on the Australian Securities Exchange (ASX) as a foreign exempt listing. This will widen and diversify our shareholder base by enabling Australian and other international investors who do not currently trade in NZX shares to participate in the Cannasouth journey via ASX.

Reasons for this decision, included:

- To enhance shareholder value by providing increased liquidity in a bigger market that is more accustomed to investments in biotech and early-stage businesses.
- To gain access to mid-cap institutional fund managers who typically invest in businesses on the ASX that can provide liquidity.
- To tap into global fund managers who prioritize investments in internationally recognised bourses such as the ASX.
- Recognising Australia's status as the largest and fastest-growing medicinal cannabis market in Australasia and given Cannasouth's intention to expand its business there.

Sydney based Addisons Lawyers have been appointed to facilitate the process together with Corporate Counsel in Auckland. We anticipate the dual listing process to conclude by year end.

MCA Regulatory Review

This week, the MCA announced it has received approval to make changes to the Misuse of Drugs (Medicinal Cannabis) Regulations 2019, with the objective of enacting them by the end of 2023. Key highlights include;

1. Facilitation of Exports,
2. Expansion of Medicinal Cannabis Categories, and
3. Enhancement in Research Capabilities.

These primary changes are complemented by various technical enhancements to streamline the Scheme's compliance prerequisites without jeopardising product quality. We believe that these changes will streamline our operational processes, reduce costs, and enable us to seize new market opportunities.

For more information on the regulatory changes, see Cannasouth's market announcement [here](#).

Shareholder Communication

I would like to extend a warm welcome to new Cannasouth shareholders, including those from our merger with Eqalis and related capital raise. We communicate with our shareholders in several ways;

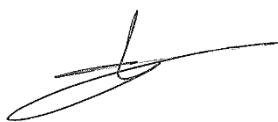
- Annual and Half-Year Reports (March and August)
- Annual (and Special) Shareholder Meetings
- Continuous disclosure announcements made via NZX at; <https://www.nzx.com/companies/CBD/announcements>
- Quarterly Newsletters
- Investor relations activity such as roadshows, videos, webinars etc...

If you hold your shares directly with Cannasouth's share registry, Link Market Services, please ensure you have completed the email verification step.

If you hold your shares with a custodian, such as Sharesies, or are a non-shareholder interested in following company news, I recommend you subscribe to Cannasouth News via the option in the footer of our website – www.cannasouth.co.nz

Thank You

Thanks to the support of its stakeholders, the next 12 months will be a transformational year for Cannasouth, and the medicinal cannabis sector in Aotearoa New Zealand. We look forward to being a driving force as we continue to see the industry advance. In case you missed our recent activity and achievements since our last quarterly update, we provide more detail below.



Mark Lucas
CEO, Cannasouth Group

Cannasouth Limited Board of Directors



Tony Ho
Independent
Non-Executive Chairman



Mark Lucas
Managing Director and
Chief Executive Officer



Christine Pears
Independent
Non-Executive Director



Greg Misson
Executive Director



Hilary Webber
Independent
Non-Executive Director



Mark Scapens
Non-Executive Director

Cannasouth Group - New Executive Team



Mark Lucas
Chief Executive Officer

Mark is an experienced business manager who designs and implements operational business systems throughout Cannasouth. With strong data system DNA, Mark is a skilled manager who brings a wealth of business knowledge and experience to this role.

Mark's business background spans 25 years. He is an entrepreneur by nature with a passion for business and has been involved in a number of businesses from initial conception through to mature, well-established companies. Mark's key strengths include management, human resources/staff, project management, contract negotiation, sales and marketing, financial control, and business strategy.



Colin Foster
Chief Financial Officer

Colin is a chartered accountant with a Bachelor of Management Studies and a Post-graduate Diploma in Treasury & Financial Management. He has 33 years of successful accounting and management experience, including 18 years as a Chief Financial Officer, during which time he was actively involved in strategy development and the establishment of a number of off-shore subsidiaries. Colin has a strong track record in financial modelling, treasury management, information systems management, and developing high-performing finance teams.



Greg Misson
Chief Innovation Officer

Greg is an inventor and entrepreneur with a passion for solving difficult problems. His first enterprise, launched in 1984, developed innovations for the world's rapidly expanding dairy processing industries. In 2003 he was founding director of New Zealand's first large private dairy manufacturing company. Greg has also been involved in airlines, architecture, business consulting and investment. He has a passion for taking organisations from concept to profit through smart thinking.



Tony Clark
Chief of Manufacturing

Tony has more than 20 years of engineering, manufacturing, and pharmaceutical industry experience, having worked with Pentair Valves & Controls Pacific Pty Ltd and Douglas Manufacturing Ltd. He is a highly professional senior business leader where previous roles have included General Manager and Operations Manager. Tony has worked extensively in full GMP environments and is a member of NZPICS (Association for Operations and Supply Chain Professionals).



Pierre Booyen
Chief of Compliance

Pierre has extensive knowledge and experience in the medicinal cannabis industry and the New Zealand regulatory system, having worked as a Senior Advisor (GMP audit) with Medsafe and Team Leader with the Medicinal Cannabis Agency. He is a pharmacist by profession, with a background in various production, regulatory affairs and quality roles in the pharmaceutical industry. Pierre holds a Bachelor of Pharmacy and Master of Science in Pharmaceutical Chemistry.



David Macaskill
Chief Commercial Officer

David is a registered Trans-Tasman patent attorney, and barrister and solicitor of the High Court of New Zealand with a Master of Science (Chemistry) and Bachelor of Law. He has 17 years' experience in intellectual property strategy spanning a range of industries, including pharmaceuticals, animal healthcare, medical devices and software, artificial intelligence and machine learning, and agri-tech. Before joining Equalis as Strategy and Operations lead, David was a partner in New Zealand's largest privately owned intellectual property specialist boutique. His passion is technology development and commercialisation.



Brendon Ogilvy
Chief Executive Officer
- RestoreMe

Brendon is an experienced executive with a background in market research and online businesses.

He is the CEO of RestoreMe, having lead the business from concept to market launch.

Success for Brendon is about empowering team members to deliver smart, superior service to delight their customers.