

For Public Release
NZX Limited
Wellington

22 November 2023

Cannasouth Announces Opening of Rights Offer

Opening of Rights Offer

As announced to the market on 13 November, Cannasouth Limited (NZX: CBD) announced the launch of a 1 for 8 pro-rata renounceable rights issue to raise up to circa \$5.6 million ("Rights Offer").

A copy of the Offer document in support of the Rights Issue accompanies this announcement, together with a Cleansing Statement.

The Rights Offer opens today.

From today, Eligible Shareholders under the Rights Offer will be sent their personalised Letter of Entitlement with links to the Non-Renounceable Offer Document and Online Acceptance Form, which Form delineates each respective shareholders entitlement to participate in the respective Offers.

In addition, CBD will send out a letter to those shareholders who are not entitled to participate in the Rights Offer ("Ineligible Shareholders").

The following documents accompany this announcement:

- Rights Issue Offer Document
- Cleansing Statement dated 22 November 2023
- Letter to be sent to Ineligible Shareholders

Background to the 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.

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.

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

Use of proceeds

The funds raised from the Rights Offer will be applied towards the costs associated with;

- 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

-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 Equis Group New Zealand Ltd.

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