

ASX Announcement | 24 December 2024
Althea Group Holdings (ASX:AGH)

Binding commitments received for \$2.0 million in Strategic Funding

Highlights:

- AGH has secured commitments of \$2.0 million under a Loan Notes Placement to cover costs for expanding Peak's Canadian operations, including supply chain optimisation initiatives at the Company's Ontario manufacturing facility, and for general working capital
- Under the Loan Note Placement, 2.0 million Loan Notes at \$1.00 each will be issued as a pure debt instrument. However, the Loan Notes may become convertible into ordinary shares at a conversion price of \$0.03 per Loan Note, solely subject to shareholder approval, at a general meeting to be convened in due course
- The Loan Notes Placement is lead managed by Taurus Capital Group Pty Ltd
- The Loan Notes Placement was supported by sophisticated and professional investors
- In consideration for Lead Manager services and in addition to fees payable to the Lead Manager, AGH intends to issue, subject to Shareholder approval, 25.0 million unlisted options exercisable at \$0.04 on or before 28 February 2027

24 December 2024: **Althea Group Holdings Limited (ASX:AGH) ('AGH', or 'the Company')**, a global leader in the manufacturing, sales and distribution of cannabis-based medicines and recreational cannabis products, is pleased to announce that it has received binding commitments for the issue of 2.0 million unsecured loan notes (Loan Notes), to be issued at \$1.00 each (Loan Note Placement) and the issue of 25.0 million unlisted options, exercisable at \$0.04 on or before 28 February 2027 (Options), subject to Shareholder approval.

The offer of the Loan Notes was made to sophisticated and professional investors and successfully closed, achieving binding commitments of \$2.0 million.

Use of Funds

The \$2.0 million funding (less fees) will be allocated towards expanding Peak Processing Solutions' ('Peak') Canadian operations, including supply chain optimisation initiatives at the Company's Ontario-based manufacturing facility.

Initiatives include, but are not limited to, increasing core materials inventory, connecting wastewater to the mains, expanding capacity for an additional 3 million beverage units, automation for the application of tax stamps, and onboarding of a substantial vape carts customer.

These investments will enhance operational efficiency and position the company for sustained growth in the Canadian market and will be carried out during Peak's quietest time of the year.



Loan Note Placement

The 2.0 million Loan Notes to be issued at \$1.00 each raising \$2.0 million in aggregate under the Loan Note Placement, have an interest rate of 0% and are issued as a pure debt instrument.

The Loan Notes may however become convertible into ordinary shares (Loan Note Shares) solely subject to Shareholder approval under Listing Rule 7.1 at a General Meeting of Shareholders to be convened in due course, in which case, the face value of the Loan Notes (being \$2.0 million in aggregate) will be converted into Loan Note Shares by dividing the aggregate face value by a conversion price of \$0.03, resulting in the issue of 66,666,666 Loan Note Shares.

In the event Shareholders do not approve the conversion mechanism in the terms of issue of the Loan Notes, the Company will be required to repay the Loan Notes in cash on the Maturity Date, being 1 year following the date of issue of the Loan Notes (unless repaid earlier). A summary of the terms of issue of the Loan Notes is appended to this ASX Announcement at Schedule 1.

Lead Manager

The Loan Note Placement was lead managed by Taurus Capital Group Pty Ltd ACN 622 499 834 (Lead Manager).

The Lead Manager received a fee of 6% of the total amount raised under the Loan Note Placement and will be issued a total of approximately 25.0 million unlisted options with an exercise price of \$0.04 and expiring on 28 February 2027 (Options).

The Options will be placed to the Lead Manager and a number of sophisticated and professional investors as directed by the Lead Manager, including AGH's major Shareholder, Adman Lanes Pty Ltd.

The Options will be issued solely subject to shareholder approval under Listing Rule 7.1.

AGH CEO, Joshua Fegan, commented: "This funding strengthens our ability to deliver key initiatives and reinforces our growth in key markets. Enhancing Peak's operations positions us to capitalise on Canada's evolving cannabis landscape, especially in cannabis beverages, where we hold a strong niche. These investments will solidify our leadership in this high-growth category."

-ENDS-

Authorised by: the Board of the Company

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Althea Group Holdings Limited (ASX:AGH)

Althea Group Holdings Ltd ('AGH') is a global leader in the manufacturing, sales and distribution of

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cannabis-based medicines and recreational cannabis products. AGH services these sectors via two distinct business units. Peak Processing Solutions, AGH's recreational cannabis business, produces legal cannabis products purchased by adult consumers in retail stores. Althea, the company's pharmaceutical business, offers a comprehensive range of cannabis-based medicines which are made available to patients via prescription.

AGH operates in highly regulated and legal cannabis markets across the world with burgeoning operations in North America, Europe and Australia.

To learn more about Althea Group Holdings, please visit: www.altheagroupholdings.com

For more information on Peak, please visit: www.peakprocessing.com

For more information on Althea, please visit: www.althea.life

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Appendix A

Key terms:

Item	Detail
Number of Loan Notes subscribed for:	2.0 million
Face Value of each Loan Note:	\$1.00
Amount raised:	\$2.0 million
Interest rate:	0% per annum (although a fee is payable as detailed below)
Conversion Price (subject to Shareholder approval):	\$0.03
Fees:	The lead manager of the deal will receive the following fees: • 6% of the funds raised under the Loan Note Deed, being \$120,000; and • Subject to shareholder approval, 25.0 million unlisted options at an issue price of \$0.00001 per option and exercisable at \$0.04 each on or before 28 February 2027. These Options will be issued to the Lead Manager and other sophisticated and professional investors.
Redemption:	In the event the Loan Notes are not earlier converted, the Loan Notes will be repaid in cash on the earlier of: • In the event of an insolvency event; and • On the date that is 1 year following the issue of the Loan Notes (unless repaid earlier)
Conversion (subject to Shareholder approval):	The Loan Notes are a debt security. Shareholders will be asked to approve a conversion mechanism (Conversion Mechanism) in the Loan Note terms such that: • The aggregate Face Value (Outstanding Amount) will automatically convert into ordinary shares in the Company (Loan Note Shares) with such number determined by dividing the Outstanding Amount by the Conversion Price, resulting in 66,666,666 in aggregate Loan Note Shares; and • The Loan Note Shares will be issued within 10 business days following receipt of shareholder approval

The Conversion Mechanism will need to be approved under ASX Listing Rule 7.1.

The General Meeting of Shareholders will be convened in due course.

Quotation of the Loan Note Shares is subject to AGH being reinstated to trading on the ASX and the lodgement of a cleansing prospectus, for the purposes of section 708A(11)(b) of the *Corporations Act 2001* (Cth).