

ASX Announcement | 30 January 2023
Althea Group Holdings (ASX:AGH)

AGH secures new CAD\$2 million loan facility; Health Canada increases purchase limit for cannabis beverages

Highlights:

- AGH secures new CAD\$2 million term loan facility
- Health Canada amendments will increase consumer purchase limits from 5 x 355ml cans to 48 x 355ml cans, for infused-cannabis beverages
- The Company anticipates an increase in cannabis beverage sales as a result of the changes
- Peak recently became the first licenced cannabis producer to be awarded Safe Quality Food certification, as part of the Global Food Safety Initiative

30 January 2023: **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 secured a CAD\$2 million loan facility from lenders in Canada and also welcomes Health Canada's recent amendments to the Cannabis Act and its regulations, which includes an increase of the consumer purchase limits for infused-cannabis beverages.

Loan Facility

The Company has secured a CAD\$2 million loan facility from lenders in Canada.

Key terms:

- Amount - CAD\$2 million
- Interest rate – 15% pa
- Term – 12 months
- Borrowers – 2682130 Ontario Limited t/a Peak Processing Solutions (a wholly owned subsidiary of AGH) and 2613035 Ontario Limited (a wholly owned subsidiary of AGH)
- Security – A guarantee in favour of the lender and a first-ranking charge/mortgage registered against property located in Solar Crescent, Ontario, Canada
- Early payment – Subject to a pre-payment penalty of the lesser of (a) 3 months of accrued interest; or (b) all remaining unpaid interest (whether accrued or not) through to the end of the term of the loan
- Options – 2.5m options granted to the lenders with a strike price of AUD\$0.126, exercisable at any time within two years of the agreement commencement date

AGH CEO, Joshua Fegan, commented: "The Company has strengthened its position with this loan facility of CAD\$2 million secured from Canadian backers. We remain extremely confident in our goal of achieving group cash flow positivity during Q12023 and this loan facility provides AGH with the



flexibility to continue to launch new products at pace, while providing shareholders with additional investment comfort and further validation of the Company's robust financial controls."

Anticipated increase in cannabis beverage sales

The Canadian Federal Government amendments via Health Canada mean that adults in Canada are now able to possess up to 17.1 litres (equal to 48 x 355ml cans) of infused-cannabis beverages in public for recreational purposes, which is up from the previous limit of approximately 2.1 litres (equal to 5 x 355ml cans).

This recent change brings the cannabis beverage market more in line with the alcohol market, where consumers are accustomed to being able to purchase beverages in packs of 6, 12, 24 or 48.

The enhanced value proposition for customers is likely to lead to an increase in sales in an already rapidly growing cannabis-infused beverage category.

The amendments follow engagement with stakeholders, health authorities, cannabis industry associations, cannabis licence holders, provinces, territories and the public. Peak Processing Solutions ('Peak') played an active role in working with Health Canada and members of parliament in support of the amendments.

Peak Managing Director, Barry Katzman, said: "The recent amendment of regulations by Health Canada reflects further alignment with consumer requests and highlights a growing cannabis beverage category in Canada and the increasing demand for these types of products. We expect to see continued increase in cannabis beverage sales because of this amendment as well as overall maturation in the sector. Peak will continue to work with all regulators and Health Canada continue to apply regulatory developments that reflect consumer needs, as the adult-use cannabis market becomes more and more embedded in Canadian culture."

Safe Quality Food certification

Peak has also recently become the first licenced cannabis producer to be awarded Safe Quality Food certification, as part of the Global Food Safety Initiative. The certification reflects Peak's Hazard Analysis Critical Point Control (HACCP) system, featured throughout its cannabis edibles and infused-cannabis beverage supply chain, in order to prevent food quality hazards and ensure food safety.

-ENDS-

Authorised by: Robert Meissner, Company Secretary

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

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

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

