



International Distributor of  
Medicinal Cannabis

## ASX ANNOUNCEMENT

ASX CODE: HHI

5 September 2022

### Creso Pharma transaction update

**Health House International Ltd (ASX:HHI) (Health House or the Company)** is pleased to provide an update on the proposed acquisition of the Company by Creso Pharma Limited (ASX:CPH) (**Creso**) in accordance with the non-binding term sheet announced to the market on 29 July 2022, under which it is proposed that Creso will acquire 100% of the shares in Health House by way of a scheme of arrangement (**Scheme**).

To advance the potential transaction, Creso has executed a Loan Facility Agreement with Health House, whereby Creso will provide a loan up to A\$700,000 to Health House for general corporate purposes and working capital (the **Facility**).

A material use of proceeds from the Facility will be the drafting and completion of a Scheme Implementation Deed and Independent Expert's report. Creso has provided initial funding of A\$500,000 to Health House under the terms of the Loan Facility Agreement (set out below).

Further details are contained in an announcement by Creso on 5 September 2022.

#### **Terms of the Loan Facility Agreement:**

The Loan Facility Agreement provides for up to A\$700,000 of drawdowns by Health House. The repayment date of the loan is 30 November 2022, which may be accelerated in an event of default or change of control. The Facility is secured over the assets of Health House, however this security ranks below the security held by Zelira Therapeutics Limited, a lender to Health House. Interest accrues on the Facility at a rate of 12% per annum.

The Loan Facility Agreement contains representations and warranties of Health House that are customary for an agreement of this nature. Future drawdowns beyond the initial \$500,000 can be requested by Health House, subject to a minimum drawdown of \$100,000.

## **Convertible Note issue**

Health House has also raised \$400,000 via the issue of a convertible note (**Note**).

The Note has a term of one (1) year and is convertible into ordinary shares of the Company at the lesser of \$0.01 per share (representing a 20% discount to Company's current share price) or 80% of the issue price of the most recent capital raising undertaken by the Company prior to conversion. The Note carries a 10% per quarter coupon payable in advance.

Any issue of shares on conversion of the Note will be subject to shareholder approval.

The Note will be used to repay \$400,000 to Zelira Therapeutics Limited (ASX:ZLD). The main terms of the Note are set out in the appendix to this release.

## **Update on proposed capital raising:**

Health House is currently in voluntary suspension pending an announcement in relation to a material capital raising. The Company notes the capital raising has been deferred while Health House pursues the proposed Scheme.

The Company will remain in voluntary suspension.

*This announcement has been approved and authorised for release by the board of Health House International Limited.*

**David Wheeler**

**Chairman**

## **About Health House**

The Health House International Group is an international pharmaceutical distributor specialising in, but not limited to, the distribution of medicinal cannabis products across Australasia, United Kingdom and Europe.

The Group is a fully licenced and regulated specialised importer, exporter and distributor currently distributing medicinal cannabis products from 14 producers to pharmacies, prescribers, specialist medicinal cannabis clinics and researchers across Australasia. In the UK and Germany, the Group holds all relevant licences (including GMP manufacturing), Wholesale Dealers and Controlled Drugs licences. The Group supplies pharmacies, hospitals, government departments and other wholesalers with medicinal cannabis and general pharmaceutical products in the UK and Europe. The Group also integrates education of patients and healthcare professionals in the use of medicinal cannabis as a core part of its activities and is developing digital tools to enable a holistic understanding of usage.

For more information, please visit [www.healthhouse.com.au](http://www.healthhouse.com.au)

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**Appendix A – key terms of Convertible Note**

<b>Issuer</b>	Health House International Limited
<b>Subscriber</b>	Celtic Capital Pty Ltd as trustee for the Celtic Capital Trust
<b>Total Amount</b>	A\$400,000
<b>Conversion Price</b>	The lesser of \$0.01 per share (representing a 20% discount to Company's current share price) or 80% of the issue price of the most recent capital raising undertaken by the Company prior to conversion
<b>Duration</b>	1 year
<b>Interest</b>	10% per quarter payable in advance
<b>Use of Funds</b>	Repayment towards Zelira Therapeutics Limited Funding Facility
<b>Security</b>	Unsecured