

ASX ANNOUNCEMENT**ASX CODE: HHI****1 November 2022****HHI to sell CanPharma**

Health House International Ltd (ASX:HHI) (Health House or the Company) is pleased to announce that it has executed a binding terms sheet (**Terms Sheet**) with Ms Sabine Jacker for the sale all of the outstanding common shares of wholly-owned German subsidiary CanPharma GmbH (**CanPharma**) (**Proposed Transaction**).

The sale of CanPharma will have no impact on the arrangement agreed between Health House and Creso Pharma Limited (**Creso**), pursuant to which Creso proposes to acquire 100% of Health House via a scheme of arrangement further to its announcement of the execution of a non-binding terms sheet on 29 July 2022.

Health House's Chairman, David Wheeler commented: "We are very pleased to have executed the Terms Sheet. The sale of CanPharma will substantially strengthen Health House's balance sheet through the removal of approximately €2,700,000 of short and long-term liabilities."

Key terms of Proposed Transaction

Details of the key terms of the Transaction are set out below:

Consideration: Ms Jacker will pay Health House €1 for CanPharma,

Effective Consideration: Ms Jacker will also acquire liabilities of up to €2,700,000 consisting of:

- a) trade creditors - €990,000
- b) short term debt - multiple private lenders - €1,110,000 maturing July 1, 2023
- c) long term debt - Investitionsbank des Landes Brandenburg (**ILB**) - €600,000 maturing Sept. 31, 2026 (**ILB Obligation**)

Conditions Precedent: The obligation of the parties to complete the sale and purchase of CanPharma are subject to and conditional on the following conditions being satisfied or waived:

- a) (**Release of ILB Obligation**): ILB releasing Health House from its guarantee under the ILB Obligation;

- b) **(No Breach):** Neither Health House nor Ms Jackson being in material breach of the terms of the Terms Sheet providing no party can rely on its own breach to prevent completion;
- c) **(Other Approvals):** Any other third-party approvals, regulatory consents or conditions required to give effect to the transactions contemplated by the Terms Sheet being obtained.

The parties have agreed that the conditions must be satisfied by 31 December 2022 or such other date as agreed by the parties.

As a result of discussions involving Health House director Henrik Sprengel and ILB, ILB has given Health House assurances that it will be released from the guarantee of the ILB Obligation subject to completion of the Proposed Transaction. Following those assurances Health House is confident the Release of ILB Obligation condition will be met.

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

Address

Level 3
101 St Georges Tce
Perth WA 6000
AUSTRALIA
Tel: +61 8 6558 0886
Fax: +61 8 6316 3337
E: admin@healthhouse.com.au
W: www.healthhouse.com.au

For further information please contact

Company

David Wheeler
Chairman
david@pathwayscorporate.com.au

Tim Slate

Company Secretary
tim.slate@healthhouse.com.au

ACN 149 197 651

Investors

Jason Peterson

Corporate Advisor

jason.peterson@cpscapital.com.au