

ASX Announcement | 17 February 2025
Althea Group Holdings (ASX:AGH)

AGH secures \$4.0 million to rapidly scale THC beverage growth in North America

Highlights:

- AGH receives commitments for funding of \$4.0 million through a Share Placement and Loan Notes Placement
- Placement attracted support from new and existing Australian sophisticated and professional investors
- AGH will allocate funds to:
 - Enhance its North American and Canadian infrastructure
 - Scale Peak USA THC beverage commercial production
 - Strengthen working capital across Althea and Peak
- Directors Vaughan Webber and Joshua Fegan subscribed for up to \$120,000 in the Placement subject to shareholder approval
- Taurus Capital Group Pty Ltd was Lead Manager to the Placement and Loan Notes Placement

17 February 2025: **Althea Group Holdings Limited (ASX:AGH) ('AGH', or 'the Company')** is pleased to announce that it has received binding commitments for the issue of 1.5 million unsecured loan notes (**Loan Notes**), to be issued at \$1.00 each (**Loan Note Placement**) and the issue of 125.0 million ordinary shares (**Placement Shares**), with 111 million to be issued subject to receipt of Shareholder approval, at \$0.02 each (**Share Placement**).

AGH is a global leader in the manufacturing, sales and distribution of prescription medicinal cannabis. The Company's wholly-owned subsidiary – Peak Processing Solutions – focuses on recreational cannabis products for retail consumers.

AGH Managing Director, Joshua Fegan, commented: *"This strategic funding strengthens Peak North America's leadership in THC beverages, solidifying our established presence in Canada and propelling our expansion into the U.S. market. With Canada as our foundation, we are leveraging our expertise to scale rapidly in the U.S., following the successful completion of our first commercial production run last month. Supported by our CDMO model and trusted manufacturing partnerships, we are well-positioned to meet the growing demand for premium THC beverages across North America and drive sustained growth in this fast-evolving sector."*

The Loan Note Placement and the Share Placement are together referred to as the '**Capital Raise**' will be strategically allocated across operations in Canada and the U.S., with initiatives including:

- Accelerate the widespread distribution of Peak USA products
- Enhance Peak USA's working capital to maintain operational stability

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- Invest in its successful Canadian model by:
 - Securing critical core production materials
 - Establishing wastewater infrastructure
 - Automating tax stamp application processes
 - Increase production capacity by 3 million THC beverage cans
- General working capital, including compliance and legal expenses

The offer of the Loan Notes and Placement Shares was made to sophisticated and professional investors in Australia and achieved binding commitments of \$4.0 million.

Directors Vaughan Webber and Joshua Fegan have subscribed for up to \$120,000 in tranche 2 of the Share Placement subject to shareholder approval to be sought at a general meeting to be held in late March 2025 (**General Meeting**).

The Loan Note Placement

The 1.5 million Loan Notes to be issued at \$1.00 each, raising gross proceeds of \$1.5 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 become convertible into ordinary shares (**New Shares**) subject to Shareholder approval under Listing Rule 7.1 at the General Meeting, in which case, the face value of the Loan Notes (being \$1.5 million in aggregate) will be converted into New Shares by dividing the aggregate face value by a conversion price of \$0.02, resulting in the issue of 75.0 million New Shares. Consequent to shareholder approval, the New Shares will be issued within 3 months of the date of the General Meeting.

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**.

The Share Placement

The 125.0 million Placement Shares will be issued under the Share Placement at a price of \$0.02 each, to raise a total of \$2.5 million. The Placement Shares will be issued in two tranches, with 14.0 million being issued under AGH's existing placement capacity under Listing Rule 7.1, with the balance of 111.0 million being issued following receipt of Shareholder approval under Listing Rule 7.1.

Lead Manager

Taurus Capital Group Pty Ltd (ACN 622 499 834) was lead manager to the Capital Raise (**Lead Manager**).



The Lead Manager received a fee of 6% of the total amount raised under the Loan Note Placement and Share Placement and will be issued a total of 25.0 million unlisted options, with an exercise price of \$0.03 and expiring on 28 April 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.

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

The terms of issue of the Options are appended to this ASX Announcement at **Schedule 2**.

Use of Funds

The \$4.0 million in funding (less fees) will be strategically allocated to secure essential core materials for Canadian operations, integrate wastewater infrastructure, expand production capacity by an additional 3 million cans, and automate tax stamp application. In the US, funds will be used to strengthen working capital for Peak USA. Additionally, a portion of the funding will cover compliance and legal expenses, along with business consolidation initiatives.

Existing Loan Notes

AGH also references the 2.0 million Loan Notes announced to the ASX on 24 December 2024 (**Existing Loan Notes**). These Existing Loan Notes were also issued as a pure debt instrument.

The Existing Loan Notes can also be converted into ordinary shares (**New Shares**), solely subject to Shareholder approval under Listing Rule 7.1, in which case, the face value of the Loan Notes (being \$2.0 million in aggregate) will be converted into New Shares by dividing the aggregate face value by the conversion price. It has been agreed that in light of the current capital raise, the conversion price of the Existing Loan Notes will be revised from \$0.03 to \$0.02. Similarly, the New Shares for the Existing Loan Notes will be issued within 3 months of the date of the General Meeting.

In the event Shareholders do not approve the conversion mechanism in the terms of issue of the Existing 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 Existing Loan Notes (unless repaid earlier).

-ENDS-

The Board of Althea Group Holdings Ltd authorised this announcement to be lodged with the ASX.

For more information, please visit www.altheagroupholdings.com

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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. 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 of the Loan Notes

Item	Detail
Number of Loan Notes subscribed for:	1.5 million
Face Value of each Loan Note:	\$1.00
Amount raised:	\$1.5 million
Interest rate:	0% per annum
Conversion Price (subject to Shareholder approval):	\$0.02
Redemption:	<p>In the event the Loan Notes are not earlier converted, the Loan Notes will be repaid in cash on the earlier of:</p> <ul style="list-style-type: none"> • 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):	<p>The Loan Notes are a debt security.</p> <p>Shareholders will be asked to approve a conversion mechanism (Conversion Mechanism) in the Loan Note terms such that:</p> <ul style="list-style-type: none"> • The aggregate Face Value (Outstanding Amount) will automatically convert into ordinary shares in the Company (New Shares) with such number determined by dividing the Outstanding Amount by the Conversion Price, resulting in 75,000,000 in aggregate Loan Note Shares; and • The New Shares will be issued within 10 business days following receipt of shareholder approval <p>The Conversion Mechanism will need to be approved under ASX Listing Rule 7.1.</p> <p>The General Meeting of Shareholders will be convened in due course.</p> <p>Quotation of the New Shares is subject to the lodgement of a cleansing prospectus, for the purposes of section 708A(11)(b) of the <i>Corporations Act 2001</i> (Cth).</p>

Appendix B

Key terms of the Options

- (a) **Entitlement:** Subject to, and conditional upon any adjustment in accordance with these conditions, each Option entitles the holder to subscribe for one (1) Share upon payment of the Exercise Price.
- (b) **Exercise Price:** The Exercise Price for each Option is \$0.03 per Option.
- (c) **Expiry Date:** Each Option will expire at 5:00pm (Melbourne time) on 28 April 2027. An Option not exercised before that Expiry Date will automatically lapse.
- (d) **Exercise period:** Each Option is exercisable at any time from the date of its issue until 5:00pm on the Expiry Date.
- (e) **Exercise notice:** Each Option may be exercised during the exercise period specified in these conditions by forwarding to the Company the Exercise Notice together with payment (in cleared funds) of the Exercise Price for the number of Shares to which the Exercise Notice relates.
- (f) **Partial exercise:** The Option may be exercised in full or in parcels of at least 2,000,000 Options (or such lesser amount in the event the holding of Options by an Optionholder is less than 2,000,000 Options).
- (g) **Timing of issue of Shares on exercise:** Within ten (10) Business Days after the Exercise Notice is received, the Company will:
- allot and issue the number of Shares as specified in the Exercise Notice and for which the Exercise Price has been received by the Company in cleared funds,
 - apply for official quotation on the ASX for the Shares issued pursuant to the exercise of the Option (and issue a cleansing notice or cleansing prospectus, as appropriate).
- (h) **Participation in new issues:** The Option does not confer any right on the Optionholder to participate in a new issue of securities without exercising the Option.
- (i) **Shares issued on exercise:** Shares issued as a result of the exercise of the Option will rank pari passu in all respects with all other Shares then on issue.
- (j) **Dividend:** The Option does not confer any rights to dividends. Shares issued upon the exercise of the Option will only carry an entitlement to receive a dividend if they were issued on or before the Record Date for the dividend.
- (k) **Adjustment for pro rata issue:** In the event of a pro rata issue of Shares by the Company (except a bonus issue), the Exercise Price for the Option will not be adjusted in accordance with ASX Listing Rule 6.22.2.
- (l) **Adjustment for bonus issue:** If there is a bonus issue to Shareholders, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the

Optionholder would have received if the Option had been exercised before the Record Date for the bonus issue.

- (m) **Adjustment for reorganisation of capital:** If the Company reorganises its capital, the rights of the Optionholder (and the Exercise Price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital, at the time of the reorganisation.
- (n) **Not quoted:** The Company will not apply for quotation of the Option on the ASX.
- (o) **Transferability:** The Option is only transferable up until it lapses, with the Company's prior written consent.