

Sale of pharmaceutical assets as AGH focuses on North American THC beverage market

- AGH signs binding term sheet to sell its pharmaceutical assets to Tasmanian Botanics Pty Ltd for \$1 million, plus a revenue-sharing arrangement on residual inventory sales
- Divestment allows AGH to focus on the rapidly expanding global THC-infused beverage market, a segment experiencing growing demand, particularly in North America
- AGH's subsidiaries, Peak Canada and Peak USA, are well positioned as leaders in the THC beverage market, with cutting-edge facilities, scalable production capabilities, and proprietary Envision™ Emulsion technology that ensures fast-acting, consistent, and high-quality THC-infused beverages
- Peak USA successfully completed its inaugural commercial manufacturing run in December 2024, marking a critical step in scaling U.S. operations
- AGH is leveraging its expertise to capitalise on the growing consumer preference for THC beverages, driven by increasing legalisation and innovation
- The transaction aligns with AGH's vision to create shareholder value by focusing on high-growth, lower-risk product categories

Althea Group Holdings Limited (ASX:AGH) ('AGH', or 'the **Company**'), a global leader in the manufacturing, sales and distribution of THC beverages, advises it has signed a binding term sheet for the sale of certain assets of its wholly-owned subsidiary, **Althea Company Pty Ltd**, to **Tasmanian Botanics Pty Ltd** ('Tasmanian Botanics' or 'the Purchaser'), one of Australia's most respected licensed medicinal cannabis producers (Proposed Divestment).

The Proposed Divestment follows AGH's previously announced strategic review of its pharmaceutical division and relates solely to the Althea trademarks, brand goodwill, website, phone number, and pharmacy/prescriber data of the pharmaceutical division.

Agreed consideration for the Proposed Divestment is \$1.0 million, plus a revenue-sharing arrangement on any residual pharmaceutical inventory sold by the Purchaser.

AGH CEO Joshua Fegan said:

"The medicinal cannabis landscape in Australia has shifted in recent years, and this transaction represents a thoughtful and strategic response to those changes. We're immensely proud of Althea's accomplishments, and under the stewardship of a trusted domestic cultivator like Tasmanian Botanics, the Althea pharmaceutical brand is set to thrive with consistent supply and exceptional quality for patients and prescribers."

For AGH, this marks a pivotal moment as we turn our full attention to North America, where Peak is well-positioned to lead the growing legal THC beverage market. We're excited about what lies ahead."

Tasmanian Botanics CEO Dan Howard added:

"Althea has earned the trust of healthcare professionals and patients across Australia, and we are honoured to bring this respected brand into the Tasmanian Botanics portfolio. Our team is dedicated to building on the Althea legacy with the same high quality Australian made standards that have made Tasmanian Botanics a leader in the Australian medicinal cannabis industry."

Strategic Rationale

The decision to divest Althea Company Pty Ltd assets aligns with AGH's long-term growth strategy while ensuring continuity of care for Althea patients and prescribers. With Tasmanian Botanics' vertically integrated capabilities, the Althea brand will benefit from enhanced product reliability and domestic manufacturing expertise.

Throughout the transition, Althea-branded products will remain available, and both AGH and Tasmanian Botanics are committed to a smooth handover, minimising any disruption to supply chains, prescribers, and patients.

Transaction Overview

- **Purchaser:** Tasmanian Botanics Pty Ltd
- **Consideration:** \$1.0 million, plus 50% of net revenue from any residual inventory sales
- **Assets Sold:** Althea trademarks, brand goodwill, website, phone number, and pharmacy/prescriber data
- **Exclusions:** Inventory and plant and equipment, contracts, employees, and non-specified IP
- **Condition precedent to completion:** Nil
- **Anticipated completion date:** The Proposed Divestment is anticipated to complete in mid to late May 2025
- **Application of funds from the Consideration:** Strengthening the balance sheet via targeted debt repayment
- **AGH board changes and changes to senior management:** The Proposed Divestment will not result in any changes to the AGH Board or to senior management

AGH's Future Focus

The global market for THC-infused beverages is experiencing unprecedented growth, driven by expanding legalisation and continuous innovation in product formulation. As this market rapidly evolves, AGH's subsidiaries, Peak Canada and Peak USA, are at the forefront of its transformation.

Operating under the Peak Processing Solutions banner, the group has emerged as a premier contract manufacturer with state-of-the-art facilities in both Canada and the USA, offering scalable production capacity to meet surging North American demand. Central to Peak's competitive edge is its proprietary Envision™ Emulsion technology, delivering fast-acting, consistent, and high-quality THC-infused beverages.

The successful completion of Peak USA's inaugural manufacturing run in December 2024 further solidifies the Company's position as a global leader in the THC beverage sector.

AGH will continue to update shareholders on key developments as they occur.

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

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About Althea Group Holdings

Althea Group Holdings Ltd (ASX:AGH) is a leading FMCG organisation specialising in the manufacturing, sales, and distribution of THC beverages. Through its innovative business unit, Peak Processing Solutions, AGH develops premium, compliant products that resonate with adult consumers in regulated global markets, including USA and Canada.

Learn more about Althea Group Holdings at www.altheagroupholdings.com

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