



Investor Presentation

Acquisition and Capital Raise

MARKET BRIEFING, JULY 2019



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EXECUTIVE SUMMARY



Acquisition of Peak Processing Solutions ("Peak")

Early stage business to specialise in cannabis extraction and contract manufacturing of edibles, drinks and nutraceutical products



Opening and Expanding MyAccess Clinics

One of the UK's first Cannabis Access Clinics



Capital raise of \$30m

To fund Peak acquisition, Althea growth initiatives and working capital to expand current operations





ACQUISITION OF PEAK PROCESSING SOLUTIONS

THE OPPORTUNITY



- From October 2019, new Canadian cannabis regulations will allow the distribution and sale of cannabis infused products including edibles, topicals and beverages
- Althea considers that there is a genuine commercial opportunity to develop expertise focusing on production of cannabis infused edibles, topicals and beverages
- The new regulations will restrict cannabis edibles and beverages from being manufactured in the same building as other food products - a potentially significant barrier for most food and beverage brands looking to enter the market



Peak identified the gap early, having applied for one of the industry's first large-scale (infused) cannabis processor licences

Althea considers that Peak is well positioned to become a leading contract manufacturer for consumer brands wanting to launch recreational cannabis and cannabidiol (CBD) products

Market Opportunity

Up to C\$4.34 billion

Potential legal recreational cannabis market (Canada)*

**Deloitte estimates that the Canadian recreational cannabis market is worth between C\$1.81 and C\$4.34bn*

STRONG STRATEGIC RATIONALE



Canadian Recreational Cannabis Market (up to C\$4.34b)*



Medicinal Cannabis Products



Cannabis Infused Products (Edibles, Topicals & Beverages)



Business-to-Patient



Business-to-Business



Vertical Integration (Cultivation/Extraction/Manufacturing)



Contract Extraction & Manufacturing Services



Experienced Management Team



The above strategic rationale assumes Peak's application for a Canadian cannabis processor licence is approved, the licence is granted and Peak commences commercial operations in accordance with its proposed business plan and objectives

*Deloitte estimates that the Canadian recreational cannabis market is worth between C\$1.81bn – C\$4.34bn

PEAK SUMMARY



Approach

- **Value added products:** Subject to receipt of its Canadian cannabis processor licence, Peak intends to extract, toll process and contract manufacture edibles, drinks and nutraceutical products for the Canadian and international market

Assets

- **Market leading expertise:** Peak currently engages four senior ex-Aphria personnel that have successfully built cannabis extraction and manufacturing facilities
- **Purpose-built facility:** It is proposed that Peak will be licenced and equipped to manufacture a range of premium cannabis extract products

Opportunity

- **Capitalising on an underserved market within the cannabis industry:** Althea expects that food and beverage companies will want cannabis infused products included in their range in the future

Appeal of Peak to Althea

Represents Althea's first entry into extraction and manufacturing of infused cannabis products

Expect to have complementary business adding exposure to new markets including the Canadian recreational market

In acquiring Peak, Althea would inherit up to 20 years of cannabis experience, aiding the growth and expansion of the Althea business globally

EXPERT LEADERSHIP



Gregg Battersby
Founder &
President

- Raised over \$200M in capital markets financing to facilitate company growth
- Proven track record of establishing key systems and programs for cannabis companies, allowing for rapid scalability through strong growth periods
- Previously, a Vice President at Aphria Inc. and executive at Jamieson Vitamins
- International cannabis networks in Canada, US, Europe, Africa, and Australia



Mary Jo Camboia
VP, Quality

- 20 years experience in QA and Regulatory roles in nutraceutical and cannabis space, effectively establishing quality systems in businesses that have become multi-billion-dollar entities
- Previously, a Quality Director at Aphria Inc. leading all regulatory and quality aspects on successful licence applications in multiple countries throughout North America and Europe
- Extensive experience with the Cannabis Act and working with Health Canada



Mike Tolmie
VP, Regulatory &
Commercial
Affairs

- Experienced corporate and regulatory lawyer
- Most recently, he served as Director of International Business Development and Regulatory Affairs at Aphria Inc., successfully navigating Canadian and International cannabis regulatory markets to expand the company's presence



Ian Scott
VP, Strategic
Operations

- Over a decade of experience in medical device development and manufacturing, spanning surgical robotics, consumable medical products, and most recently cannabis
- Previously, a Director of Operational Strategy at Aphria Inc., where he successfully developed and launched a number of new cannabis products for the Canadian recreational market

PEAK STRATEGIC ADVANTAGE



Currently, Canadian LPs manufacture only dried flower and oil products

Food and beverage manufacturing is typically outside of most LPs' production capabilities

Peak intends to specialize in the extraction and manufacturing of cannabis infused products

Althea considers that Peak is uniquely positioned to fill a perceived gap in the market for existing LPs and Food & Beverage companies alike

Canadian Regulations, once implemented, are proposed to restrict cannabis edibles & beverages from being manufactured in the same building as other food products. This is a potential barrier for most food and beverage companies looking to enter the adult use market

PROPOSED PEAK EXTRACTION CAPABILITIES



Raw cannabis extraction

Cannabis extract refinement

Cannabinoid isolation: THC, CBD and minor cannabinoids

Finished goods packaging

Cannabinoid potency quality testing

Nano-emulsification

Spray drying

The above projected extraction capabilities assumes Peak's application for a Canadian cannabis processor licence is approved, the licence is granted and Peak commences commercial operations in accordance with its proposed business plan and objectives

ESTIMATED PEAK PRODUCTION CAPABILITIES



Canned Beverages

12,000,000 – 37,000,000



Nano Emulsified Powder

7,500,000 – 15,000,000



Cosmetics & Topical Creams

7,000,000 – 22,000,000



Small Liquid & cannabis oil products

6,000,000 – 18,000,000



Vaporizer Pens

4,000,000 – 12,000,000

Estimated Annual Production Capacities: units (Year 1)

Althea's estimation of Peak's production capability assumes Peak's application for a Canadian cannabis processor licence is approved, the licence is granted and Peak commences commercial operations in accordance with its proposed business plan and objectives (including the proposed fitout and machinery intended to be implemented at Peak's facility in Canada)

PEAK PROCESSING FACILITIES



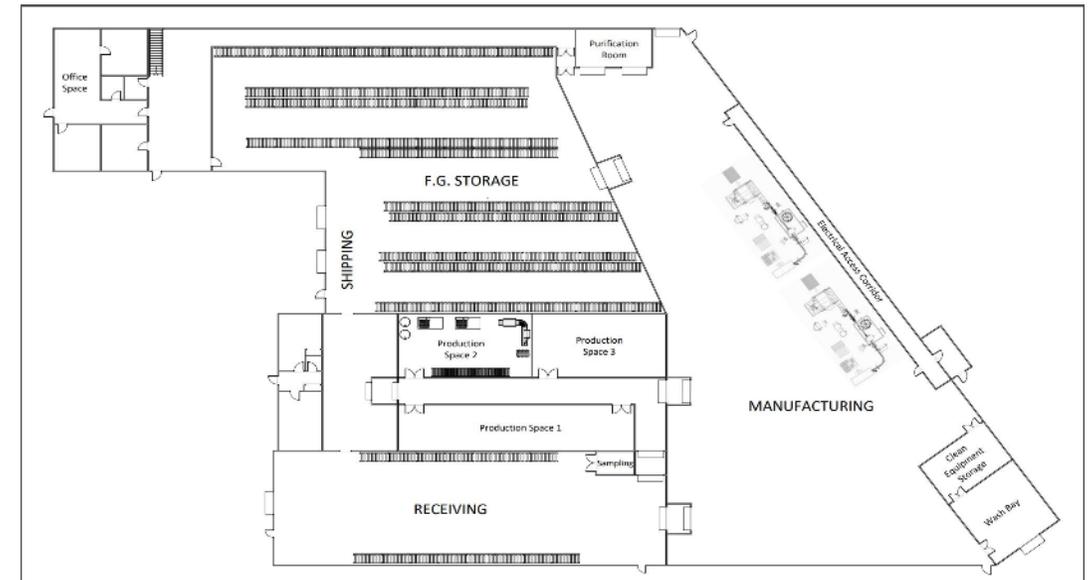
- Acquisition includes Peak's freehold property interest in its proposed production facility in Tecumseh, Ontario, Canada

Processing Facility Specifications

40,000 square feet facility

Zoned for cannabis manufacturing

Approved by local Municipality



OPERATIONAL TIMETABLE



	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Acquisition by Althea	█			
Facility Retrofit	█	█	█	
Trial Batch Products			█	
Anticipated Health Canada Licence Approval			█	
First Shipment				█

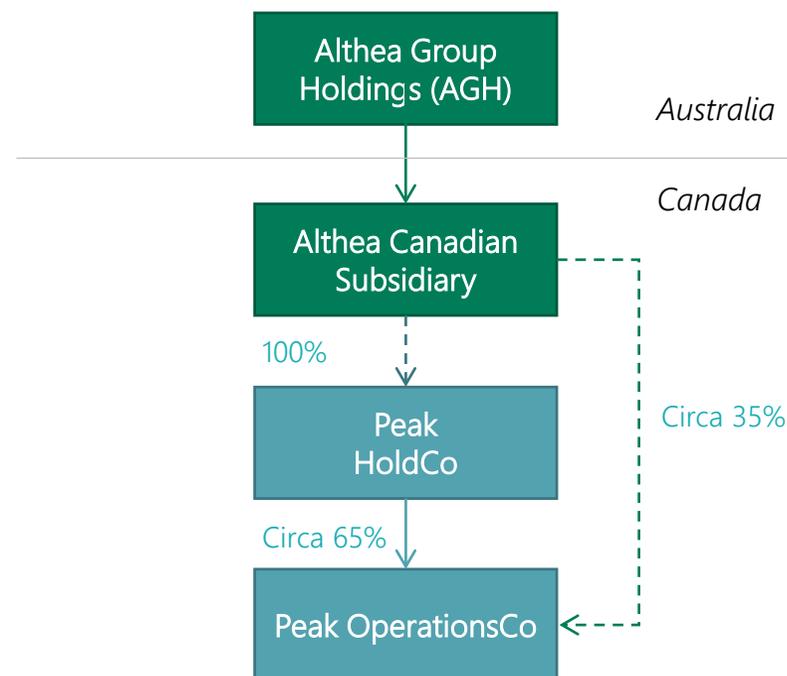
*The time periods above reflect Althea's expectation as to the timeframes for completion of its acquisition of Peak and its future establishment and commercialisation. The time periods are indicative only and remain subject to change, including as a result of the occurrence of factors which may be outside of Althea's control

ACQUISITION STRUCTURE AND CONDITIONS PRECEDENT



STRUCTURE:

Althea's acquisition of Peak is proposed to proceed by way of Althea's newly incorporated wholly-owned Canadian subsidiary acquiring all of the shares in 2613035 Ontario Limited (**Peak Processing HoldCo**) from Gregg Battersby *and* all of the outstanding securities in 2682130 Ontario Limited (**Peak Processing OperatingCo**), that are not otherwise owned by Peak Processing HoldCo, from 8 employees/consultants of Peak Processing OperatingCo.



CONDITIONS:

Althea's acquisition of Peak is conditional on the following:

Condition 1:

Althea's shareholders approving the acquisition, and the issuing of shares in Althea as consideration for the acquisition to existing shareholders of Peak HoldCo and Peak Processing OperatingCo, for the purposes of the ASX Listing Rules and Althea obtaining all required ASX waivers and other regulatory approvals.

Condition 2:

Althea receiving from Peak an environmental assessment report regarding its facility in Canada and the results of that report being acceptable to Althea.

ACQUISITION CONSIDERATION



- Consideration for the acquisition is to be predominantly comprised of shares in Althea Group Holdings Limited on a three-stage performance milestone earn-out
- Performance milestones to include a combination of targets for consolidated revenue, EBITDA and deadlines to achieve those targets
- The issue of Althea shares will be facilitated by Althea's wholly-owned Canadian subsidiary issuing "exchangeable shares" which are exchangeable into Althea shares on achievement of agreed milestones, agreed voluntary liquidation or sale events in respect of Peak or certain change in control events affecting Althea

	Milestones	Payment
Initial Consideration		C\$4.1m cash <i>less</i> the amount of all third party debt held by Peak plus 6,833,839 shares
Performance Target 1	Granting of Cannabis Processing Licence	5,705,402 shares
Performance Target 2	CAD\$7.0m Revenue; CAD\$2.0m EBITDA; and 12 Months post achieving Performance Target 1	5,705,402 shares
Performance Target 3	CAD\$25.0m Revenue; CAD\$12.5m EBITDA; and 18 Months post achieving Performance Target 1	7,607,203 shares
TOTAL CONSIDERATION		C\$4.1m cash (less third party debt) plus 25,851,846 shares

Note: Shares issued from the initial consideration and Performance Target 1 have 12 month escrow periods

FY20 POST-TRANSACTION INTENDED EXECUTION STRATEGY



- Peak has made an application to Health Canada for a Cannabis Processor's Licence
- Edibles, concentrates and topicals anticipated to become legalised in Canada, by October 2019
- Peak management team experienced in cannabis regulatory and licensing affairs
- Althea intends that Peak's facility will be developed and fitted out to include EU-GMP certified extraction and manufacturing for medical cannabis production



ROLLOUT OF MYACCESS CLINICS, UK

MYACCESS CLINICS – LAUNCHED Q3 2019



Althea has launched its own chain of private medical clinics in the United Kingdom, branded as MyAccess Clinics

Dedicated to providing UK patients with the highest level of medicinal cannabis care, where conventional treatments have not been effective



Subject to the processing of MyAccess Clinic's application, Althea expects its clinics to be licenced by the Care Quality Commission (CQC)

First MyAccess Clinic launched in early July 2019 in Belgravia, Central London

Intended that two more MyAccess Clinics locations in Bristol and Glasgow will begin assessing patients in Q3 CY19

Althea currently intends to invest approximately AUD\$1,555,000 in three MyAccess Clinics over 2 years

MYACCESS CLINICS – QUALIFIED MANAGEMENT



**Graham
Woodward
RNMH FCMI,
Clinical Director**

- Graham has 23 years' experience as a clinical nurse specialist and Medical Director within the Statutory (NHS), Voluntary and Private Healthcare Sectors
- Senior medical scientific support within the pharmaceutical field; extensive experience commercially, including strategy and business development
- Fellow of the Chartered Management Institute and a Registered Mental Health Nurse

**Sarah Dobbin,
Patient Care
Manager**

- Sarah was previously Medical Division Director at Canadian licenced cannabis producer, Aphria Inc.
- As Medical Division Director, Sarah was responsible for building Aphria's industry-leading Patient Care Department (over 60,000 patients registered with Aphria Inc. during her time at the company)
- Sarah also successfully led Aphria's Canadian Medical Outreach efforts, helping to establish Aphria as a trusted, leading medical cannabis brand among the healthcare community

MYACCESS CLINICS – DRUG SCIENCE TWENTY21 PILOT



Drug Science's 'Project TWENTY21' is the UK's first national pilot for medical cannabis

Officially launched on 18 July 2019 and aims to enroll 20,000 patients before the end of 2021

Althea has been selected from a limited number of medicinal cannabis companies to supply its range of products to the Pilot's patients

Patient treatment and monitoring will be administered by doctors based in MyAccess Clinics

Potential UK patients will be able to register their interest in participating in the Pilot, which is scheduled to commence in Q4 CY19, via www.myaccessclinics.com



GROWTH INITIATIVES

FUNDING FUTURE GROWTH



Australia

- Increase Medical Science Liaison sales force to onboard more Healthcare Professionals (**HCPs**) at an increased rate
- Enhance advertising budget to HCPs
- Promotion of *Althea Concierge* to general public to drive patient demand
- Expansion of Sales, Marketing, Operations, Compliance, Finance and Human Resources team



Europe

- Continue to bolster UK team with General Manager, Sales Manager, Government Relations Manager and Compliance Manager hires
- Further sales force staff may be required considering the UK's ~90,000 HCP target audience
- Increase personnel in the London office to support **Althea's expansion across Europe**
- Althea is in advanced negotiations with Portugal-based Sensativa Ltd, for a potential 50/50 joint venture to establish cultivation, extraction and manufacturing (EU GMP) facilities in Portugal. Max. €150K allocated to Portugal joint venture licence application
- Services agreement entered into with Cannvalate Australia has been agreed to provide education, administrative and regulatory support services in the UK in exchange for an upfront commitment of A\$153,000 (refundable to Althea if minimum patient thresholds not satisfied in first 6 months) and a fee per patient scripted an Althea product

The above initiatives and intentions are based on Althea's current business plan and objectives

FUTURE GROWTH

Althea intends to implement the following educational strategies for its future growth

Continuously invest in ***Althea Concierge***, our medicinal cannabis platform. Supported by on the ground teams



Future updates to include **Patient Evaluation tool, Virtual Consultations and E-Commerce**



MEDIC to provide webinars and **Q&A sessions with global thought leaders**, Key Opinion Leaders and high prescribers



Medical Research initiatives to provide clinical evidence to further support HCPs in choosing Althea's range of products



Pathway to FDA registration being explored, including patent registrations, feasibility studies and clinical trials



MEDICAL RESEARCH INITIATIVES



Althea Research Strategy

Proposed investigational product(s) will have a novel minor cannabinoid profile and enhanced bioavailability from a unique delivery mechanism

Althea anticipates conducting the proposed Clinical Research in Australia



Target indications

Inflammation: a common symptom of many chronic diseases including autoimmune conditions. Also readily translates from medical to lifestyle/fitness

Inflammatory Bowel Disease (IBD): functional gastrointestinal disorders are common and IBD clinical data potentially offers a 'halo effect' to this market

MEDICAL RESEARCH INITIATIVES



Inflammation trial

- **Objective:** Assess the acute (60, 120 and 180 minute) and midterm (24, 48, 72 and 96 hour) effects of oral Investigational Product (IP) ingestion on serum biomarkers of inflammation (TFNa, CRP, CK) post-exercise following downhill running compared to placebo
- **Secondary objective:** Assess muscle strength, recovery and soreness at multiple time points over a 5 day period



Inflammatory Bowel Disease (Ulcerative Colitis/Crohn's Disease) trial

- **Objective:** to assess the effect of IP on Inflammatory Bowel Disease compared to placebo on clinical presentation of IBD. The trial will assess objective measures of IBD, including biomarkers, central endoscopic reading and tissue biopsy

Both studies will also investigate the mechanism of action of IP on blood inflammatory and immune cell markers and define the pharmacokinetic profile of IP

The above research initiatives are based on Althea's current business plan and objectives



2019

GROWTH PROGRESS

2017

2018



ALTHEA PROGRESS



Australia

- Patients Number – 1,306 (as at July 19th 2019)
- HCPs Number – 221 (as at July 19th 2019)
- **Q4 FY19 exceeded combined YTD revenue**
- Queensland regulations – From 1 July 2019, HCPs no longer need to submit a Queensland Health application (SAS B only). Althea expects an increase in patient numbers due to the relaxed regulations



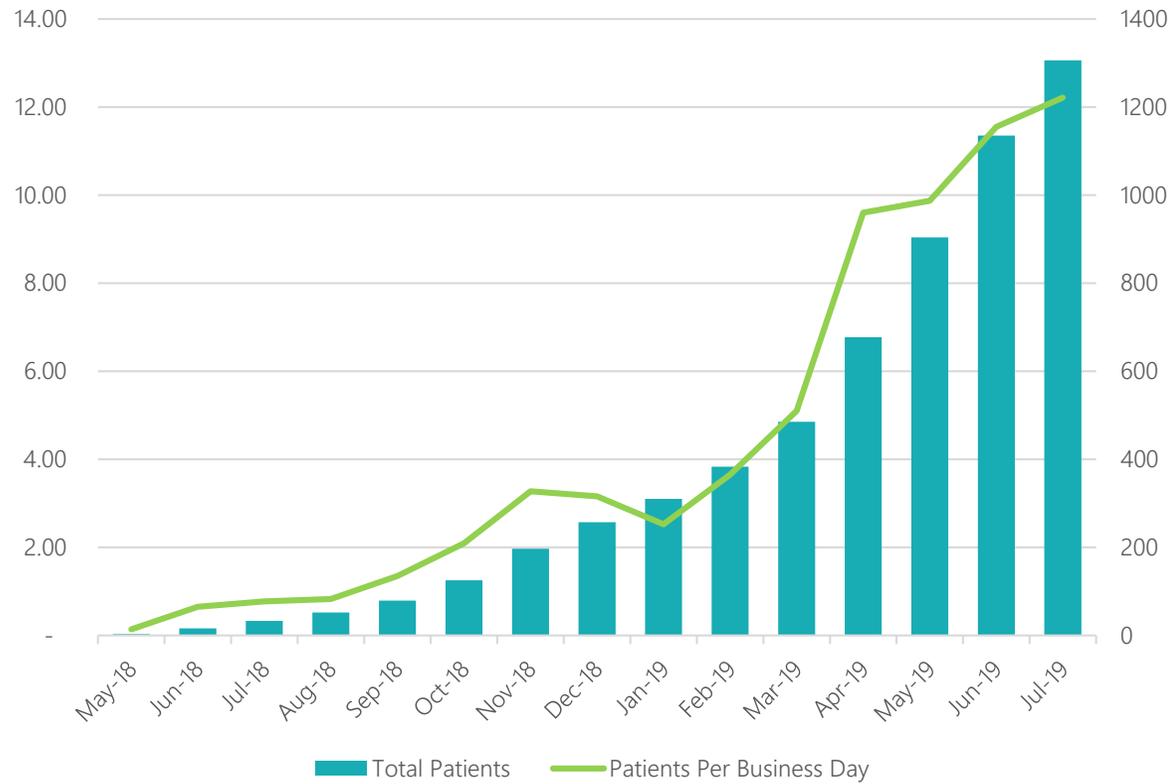
UK

- First patient scripted in June 2019
- **UK Import Licence received July 2019**
- Proposed sale through Boots Pharmacy (2,500 outlets in UK)
- Further patients under assessment with patient access pathway clearly defined
- Drug Science launch Project Twenty21, providing Althea the potential to service up to 20,000 patients

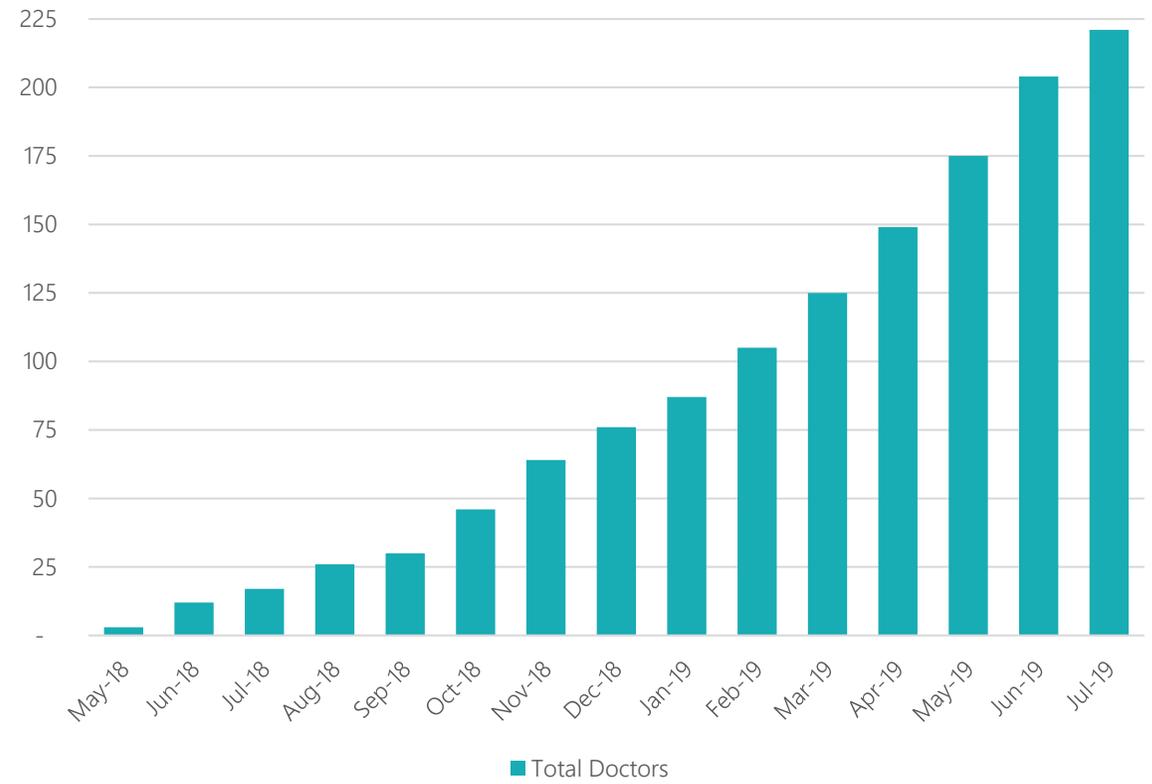
GROWTH IN PATIENTS AND HEALTHCARE PROFESSIONALS



Patient Numbers



Healthcare Professionals



Source: Althea Internal Patient and Healthcare Professional Numbers

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STRUCTURE & FUNDING

FUNDING PROGRAM



Cash

Cash On Hand – 30 June 2019	A\$14.9 million
Funds Raised	A\$30 million
Placement Fees	A\$1.5 million
Cash On Hand Post Placement	A\$43.4 million

Key Terms

Offer price	A\$1.00
Number of shares to be issued	30,000,000
Total shares on issue post-transaction	233,310,000
Market capitalisation at the Offer price	A\$233,310,000

Use of funds - if acquisition of Peak process

Acquisition – (Q3 CY19) ^{1, 2}	A\$5,800,000
Funding of Peak Plant Buildout (Q4 CY19) ³	A\$8,320,000
EU GMP Certification	A\$2,000,000
Growth Funding for Althea's existing business (Aust & UK)	A\$8,219,000
Establishment of MyAccess Clinics	A\$1,555,000
International Expansion Opportunities	A\$2,606,000
Fees	A\$1,500,000
Total	A\$30,000,000

1 - Comprises cash consideration to be paid to employee shareholders and amounts required to fund Peak Processing to repay shareholder loans immediately after closing.

2, 3 - Should the acquisition of Peak not complete these funds will be used by Althea for working capital purposes and any other complementary acquisitions

ACQUISITION AND CAPITAL RAISING TIMETABLE



Capital Raising Timetable

Trading Halt	22 nd July 2019
Announcement of Capital Raising	25 th July 2019
Settlement of Capital Raising	8 th August 2019
Issue of New Shares	9 th August 2019
Trading of New Shares	12 th August 2019
General Meeting for shareholder approvals for Peak acquisition	Early September 2019
Peak acquisition expected to complete	Mid September 2019

All dates are indicative only and subject to change at the discretion of Althea Group Holdings Limited

INDICATIVE CAPITAL STRUCTURE



	Current Shareholdings	Shareholding post-Capital Raising	Shareholding post-earn-out
Existing Shareholders	203,060,000 (99.9%)	203,060,000 (87.0%)	203,060,000 (79.6%)
Participants in Placement		30,000,000 (12.9%)	30,000,000 (11.8%)
Peak Vendors			10,144,328 (4.0%)
Gregg Battersby	250,000 (0.1%)	250,000 (0.1%)	15,957,518 (6.2%)
Total	203,310,000 (100%)	233,310,000 (100%)	259,161,846 (100%)

KEY RISKS SPECIFIC TO ALTHEA



Overview of Risks

This section describes some of the potential risks associated with an investment in Althea and the risks associated with Althea's proposed acquisition of Peak (**Acquisition**). It does not list every risk that may be associated with the Acquisition, Althea or Peak and the occurrence or consequences of some of the risks described in this section are partially or completely outside the control of Althea, its directors and management. The risks included in this section have been selected based on an assessment of a combination of the probability of the risk occurring and the consequences if that risk materialised. The assessment is based on the knowledge of the directors and management of Althea as at the date of this document. The risks may change or other risks may emerge after that date. The risks outlined in this section should be considered in conjunction with the other information disclosed in this document and in the Company's periodic and continuous disclosure announcements disclosed via the ASX and available at www.asx.com.au (Company Code: AGH) or www.althea.life

Before investing or increasing your investment in Althea, you should consider whether this investment is suitable for you having regard to publically available information and your personal circumstances and following consultation with your professional advisors. The risks identified in this section are general in nature and regard has not been had to the investment objectives, financial situation, tax position or particular needs of any investor

Risks relating to the Acquisition

- **Regulatory and new jurisdiction risk:** Though its application is under consideration, Peak has not yet been granted its Canadian cannabis processor licence by Health Canada. There is no guarantee that this licence will be granted and if this licence is not granted, or the granting of the licence is delayed, the material benefits which Althea intends to gain from the Acquisition may not be achieved or may be delayed and this may materially and adversely affect Althea's financial performance. Further, the Acquisition of Peak will give rise to certain operational and business risks for Althea in Canada. Relevantly, Althea does not have any existing business operations in Canada (though it has partnered with Aphria Inc, a Canadian producer and supplier of medicinal cannabis)
- **Acquisition and integration risks:** There is a risk that the Acquisition may more generally fail to meet Althea's strategic objectives. If this were to occur, the material benefits which the Company proposes to obtain from undertaking the Acquisition may be delayed or may not be achieved. Further, there are risks that the integration of Peak into Althea's business may take longer than expected and that the anticipated benefits of the integration may not eventuate or be less than expected. These risks include the inability to achieve synergy benefits and costs savings and the potential loss of key personnel
- **Due diligence risk:** Althea has performed due diligence on Peak as part of the Acquisition. There is a risk that the due diligence conducted has not identified issues that would have been material to the decision to enter into the Acquisition or that risks identified have been accurately evaluated and mitigated. A material adverse issue which was not identified, or has been inaccurately evaluated and insufficiently mitigated, prior to completion of the Acquisition could have an adverse impact on the financial performance or operations of the Company
- **Completion of Acquisition:** While the Acquisition is expected to complete in September 2019, the Acquisition is subject to a number of conditions, including those summarised on page 14. If any of these conditions are not satisfied or waived by their due date for satisfaction, the relevant acquisition agreements may be terminated and, if terminated, the Acquisition will not proceed

KEY RISKS SPECIFIC TO ALTHEA (CONTINUED)



Risks relating to the Acquisition (continued)

- **Limited History:** Peak was only recently incorporated and has limited operating history and limited historical financial performance. The achievement of Althea's objectives will depend on the ability of the board and management, and the existing personnel of Peak, to successfully implement the establishment and growth strategy for Peak. In addition, Peak is subject to risks common to early-stage companies, including difficulties in creating and increasing market share and brand recognition, successfully developing its anticipated products and competing with larger competitors. Investors should consider Althea's business and prospects as a whole in light of the risks that Peak may face as an early-stage business. If Althea and Peak are not successful in addressing such risks, Althea's business prospects and financial performance may be materially and adversely affected
- **Future profitability:** Peak's businesses require significant expenditure on marketing, business development and personnel, and substantial capital investment in production facilities. Accordingly, Peak may not reach profitability in accordance with Althea's projections and, to the extent such expenditure and investment continue, additional funding may be required by Althea
- **Contractual risks:** Peak's ability to generate revenue will be heavily reliant on customer contracts. There is also no guarantee or certainty that any agreement to which Peak becomes a party will be renewed or, if they are renewed, the terms that may apply to such renewal. Similar to the risks set out in above, there is a risk that actual or potential customers of Peak will be unable to obtain or retain all necessary licences and permits required to acquire and resell Peak's products. The ability of Peak to comply with their obligations under its future customer contracts may also be contingent on external factors, including but not limited to the uncertainties and changes associated with medical cannabis legislative regime in Canada. If any of these agreements are terminated, Peak's revenue and profitability may be undermined and may have a material adverse impact on Althea's financial performance and prospects. While Peak may be able pursue a legal remedy in the event of any default or may be to negotiate alternate arrangements with third parties, these processes are likely to be time consuming, costly and disruptive to Althea and Peak's respective businesses

KEY RISKS SPECIFIC TO ALTHEA (CONTINUED)



Risks relating to the cannabis industry

- **Risks in relation to the cannabis industry generally:** There are no guarantees or assurances that Peak will achieve its business objectives, generate revenue, or continue to generate revenue or that any products that Peak manufactures will be commercially exploitable
- **Uncertainties associated with production inputs:**
 - The ability for Peak to operate in Canada is dependent on a number of key inputs and their related costs. These inputs include raw materials, electricity, water and skilled labour. As with any manufacturing operation, the availability of reputable suppliers of key inputs and any significant interruption or change in availability or costs of key inputs could materially impact the Peak's operations and profitability
 - In addition, the manufacture of cannabis products requires a deep understanding of cannabis specific techniques and technologies. The competitiveness and financial performance of Peak, and therefore Althea if the Acquisition proceeds, may be adversely affected if it fails to continue to invest in understanding and implementing manufacturing technologies and processes
- **Change to laws and regulations:** The operations and proposed operations of Althea following the Acquisition are subject to a variety of laws, regulations and guidelines in both Australia and Canada. As the medicinal cannabis industry continues to evolve in Australia and Canada, it is likely that there will continue to be changes to existing legislation and/or the interpretation of the legal requirements which govern the operations and contractual obligations of Althea (including, after the Acquisition, Peak). This could impact adversely on the assets, operations and the financial performance of Althea and Peak, and the medicinal cannabis industry in general
- **Risk of adverse events, product liability or other safety issues:**
 - There is a risk that the products sold by Peak may cause serious or unexpected side effects, including risk or injury to consumers. Should any of Peak's products be associated with safety risks such as misuse or abuse, inadvertent mislabelling, tampering by unauthorised third parties or product contamination or spoilage, a number of materially adverse outcomes could occur to Althea
 - These adverse outcomes include the risk that regulatory authorities may revoke approvals that have been granted to Peak and/or Althea, impose more onerous facility standards or product labelling requirements or force Peak to conduct a product recall. Peak or Althea could also be subject to regulatory action or be sued and held liable for any harm caused to customers in those circumstances
 - Althea maintains rigorous standards in respect of product safety and has insurance coverage to mitigate these risks in a manner customary with industry practice and intends to ensure these standards and this insurance coverage extends to Peak. However, Althea cannot guarantee that all such risks in relation to Peak or itself will be adequately managed through maintaining its rigorous standards or its insurance policies. These risks could result in the loss or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, damage to Althea and/or Peak's reputation and/or increased insurance costs

KEY RISKS SPECIFIC TO ALTHEA (CONTINUED)



General risks relevant to investing Althea

- **Economic Conditions:** Althea's business is exposed to changes in general global economic conditions. For example, adverse macroeconomic conditions, such as economic recessions, downturns or extended periods of uncertainty or volatility, may influence pricing of cannabis products, thereby affecting Althea's future financial performance, operating performance and share price
- **Taxation risk:** There is the potential for changes to tax laws in both Australia and Canada. Any change to the current rates of taxes imposed on Althea is likely to affect returns to Althea's shareholders. An interpretation of taxation laws by a relevant tax authority that is contrary to view of those laws adopted by Althea may lead to an increase in the amount of tax to be paid by Althea or cause changes in the carrying value of tax assets in Althea financial statements. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns
- **Market Conditions:** Stock market conditions may affect the value of Althea quoted securities regardless of Althea's operating performance. Stock market conditions are affected by many factors such as:
 - general economic outlook;
 - introduction of tax reform or other new legislation;
 - interest rates and inflation rates;
 - change in investor sentiment toward particular market sectors;
 - the demand for, and supply of, capital; and
 - terrorism or other hostilities
- The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and industrial stocks in particular. Neither Althea nor its directors warrant the future performance of Althea, any return on Althea's investment in Peak or any return on an investment in Althea
- **Shareholders may suffer dilution:** In the future, Althea may elect to issue shares or engage in fundraisings, including to fund acquisitions that Althea may decide to make. While Althea will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), shareholders may be diluted as a result of such future issues and fundraisings
- **Currency movements may be unfavourable:** Althea does not maintain a formal foreign currency hedging policy. Accordingly, adverse movements in the exchange rate between the Australian dollar and the Canadian dollar, and any other foreign currencies as a result of Peak's operations and any other future international expansion, may cause Althea to incur foreign currency losses. Such losses may impact and reduce Althea profitability and ability to pay dividends and fund its operations
- **Force majeure events may occur:** Events may occur within or outside Australia and Canada that could impact upon the Australian or Canadian economy, Althea's operations and/or the price of Althea's shares. The events include, but are not limited to, acts of terrorism, outbreaks of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on Althea's operations and its ability to conduct its business. Althea has only a limited ability to insure against some of these risks

KEY RISKS SPECIFIC TO ALTHEA (CONTINUED)



General risks relevant to investing Althea (continued)

- **General investment risks:** The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the shares to trade at prices below the price at which the shares are being offered under the Placement. There is no assurance that the price of the shares will increase following their issue and quotation on the ASX, even if Althea earnings or sales increase. Some of the factors which may affect the price of the Shares include:
 - fluctuations in the domestic and international market for listed stocks;
 - general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government fiscal, monetary or regulatory policies, legislation or regulation;
 - inclusion in or removal from market indices;
 - the nature of the markets in which Althea operates; and
 - general operational and business risks
- Other factors which may negatively affect investor sentiment and influence Althea share price specifically or the stock market more generally, include acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events

FOREIGN SELLING RESTRICTIONS

International Offer Restrictions

This Presentation does not constitute an offer of shares of the Company in any jurisdiction in which it would be unlawful. The shares may not be offered or sold in any country outside Australia except to the extent permitted below:

United States

Neither the shares nor the entitlements have been, or will be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The shares will be offered and sold outside the United States in offshore transactions in accordance with Regulation S and in the United States under an available exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. In addition, until 40 days after the commencement of the offering of any securities, an offer or sale of securities within the United States by a dealer, whether or not participating in this offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. Neither the U.S. Securities Exchange Commission, any state securities commission in the United States, nor any other United States or other regulatory authority has approved or disapproved of the Securities or passed upon the adequacy of this Presentation. Any representation to the contrary is a criminal offence in the United States

Hong Kong Special Administrative Region, People's Republic of China (Hong Kong)

The contents of this Presentation have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in doubt about any of the contents of this Presentation, you should obtain independent professional advice. This Presentation has not been, and will not be, registered by the Registrar of Companies in Hong Kong pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) of the Laws of Hong Kong (CWMO), nor has it been authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong (SFO). This Presentation must not be issued, circulated or distributed in Hong Kong other than (1) to "professional investors" as defined in the SFO and any rules made under the SFO, (2) to persons and in circumstances which do not result in this Presentation being a "prospectus" as defined in section 2(1) of the CWMO or which do not constitute an offer or an invitation to the public within the meaning of the CWMO or the SFO or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFO and CWMO. No person may issue any invitation, advertisement or other document relating to the shares whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO. No person allotted the Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such Shares

Canada

The shares have not been nor will they be qualified for sale to the public in Canada under applicable Canadian securities laws and, accordingly, any offer and sale of the shares in Canada will be made on a basis which is exempt from the prospectus requirements of Canadian securities laws. The shares are being offered and sold in Canada on a private placement basis pursuant to section 2.3 (the "**Accredited Investor Exemption**") of National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and section 73.3(2) of the *Securities Act* (Ontario) (the "**Ontario Act**"). The Company is not a reporting issuer in any province or territory in Canada, the shares are not listed on any stock exchange in Canada and the Company does not intend to become a reporting issuer or to list the shares on any stock exchange in Canada. Accordingly, any resale of the shares must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with exemptions from the dealer registration and prospectus requirements of applicable securities laws, which vary depending on the province and include those pertaining to resales outside Canada. Investors in the shares are advised to seek legal advice prior to any resale of the shares

Investing in the shares involves risks. Canadian investors should refer to the section entitled "Key Risks" section contained within the Presentation for additional information