

ASX RELEASE (11 DECEMBER 2020)

Strategic Update

Key Points:

- Successful TGA audit of Southport Manufacturing Facility maintaining GMP manufacturing status
- CEO and COO completed site visit to Southport Facility following opening of domestic borders to review site capacity for hard pressed encapsulation and other product finished good forms to expand manufacturing capabilities
- Additional Schedule 8 licence being progressed to allow Southport to warehouse, store and distribute S4 and S8 medicines not manufactured by the Company - a key integration and automation feature of the new Medimar Platform
- Policy developments in USA and the UN paint positive picture for potential future international expansion of the Company's medicinal cannabis operations
- Name change to Epsilon Healthcare Limited to be put to shareholders at meeting proposed for January
- Executive search for next CEO progressing well with further updates to be provided in early 2021

THC Global Group Limited (**THC Global** or the **Company**) provides the following update on the Company's operations.

Southport Manufacturing Facility Update

Site Visit by CEO and COO to Southport

The CEO and COO have attended the Southport Facility as soon as practicable after the interstate travel restrictions easing which came into effect last week.

During the COVID-19 travel restrictions, the Company's operations in Queensland expanded with the leasing of an additional adjacent warehousing facility in Southport, and the Company commenced its first commercial production of TGA and EU GMP medicinal cannabis medicines from the Southport Facility. Accordingly, this first visit was critical to the full strategic review of the Southport operation and in advancing a number of strategic initiatives, including:

- Progressing the Company's expansion of manufacturing capability into further finished dosage forms and increased scale including TGA approvals and validation where required;
- Increasing the Company's S8 storage and warehousing capacity to enable a storage and logistics offering for medicinal cannabis medicines under the Medimar platform including additional licencing required from the Queensland Department of Health;
- Positioning Southport as the largest TGA and EU GMP extractor and additionally now the logistics and distribution hub for medicinal cannabis medicines in Australia and the wider South East Asian with the Medimar platform;
- Preparing the Southport Facility and the team for the increased production volumes of medicinal cannabis medicines and the new logistics and distribution offering to commence from Q1 2021.



Successful First TGA Audit

The Company has successfully completed its first TGA audit since being awarded its TGA manufacturing license in January 2020.

This is an important milestone and validation of the Southport Manufacturing Facility as well as the local team assembled at Southport and ensures the Company will maintain its full TGA and EU GMP compliant extraction capability. It is anticipated following this successful audit, there will not be need for a further complete site audit for a further 2-3 years.

Broadening of Manufacturing Capability

The Company is in the final stages of commissioning a new Process Control System (PCS) and Data Acquisition System (DAS) which will enable significant automation of the Company's extraction process. Additionally, the Company is about to commence running trial batches in two 250L vessels in early January 2021 following completion of validation and qualification. This equipment has been commissioned over the previous six months and will be suitable for extraction of flower and bud or further process crude extracts (either CO₂ or EtOH). In addition to increasing volume, this newly commissioned equipment will also provide far superior temperature control functionality for both the ethanol extraction and decarboxylation processes.

The Company is also applying to the TGA for approval for additional finished dosage forms to be produced at the Southport Facility. The Company currently has approval for oils, and is expected to add inhalation incl vapes (December 2020), capsules, suppositories and ovules, and creams (Q1 2021) to its TGA licence. The Company will be seeking additional licences and approvals for an expansion of its storage and warehousing capability at the Southport Facility.

These variations come as a result of the strategic review completed by the CEO and COO and a desire to expand and diversify the Company's manufacturing capability for its extracted products to broaden its market positioning, establishing the Company as Australia's leading contract cannabis medicines producer with TGA and EU-GMP certification targeting both domestic and export markets.

Positive USA and UN Policy Developments

The Company acknowledges the recent positive policy and legislative stance changes within the United States of America and at the United Nations over the past week. As the owners and operators of one of the world's largest medicinal cannabis extraction facilities by potential volume, the Company welcomes a shift towards more positive attitudes towards medicinal cannabis globally.

The Company is well positioned to be a globally significant exporter of TGA and EU GMP medicinal cannabis medicines with the capacity to process large volumes of cannabis and the potential to produce multiple dosage forms as finished goods for bulk wholesale or distribution through to patients.

Change of Name to Epsilon Healthcare Limited

The Company expects the general meeting for shareholders to approve the Company's name being changed to Epsilon Healthcare Limited to be held in January 2021 following ASX approval of both the Notice of Meeting and confirmation of a new ASX code for the Company – with the ASX yet to confirm whether ASX:EPN is available.

Additionally, the Company advises that it has received a notice from a group of shareholders proposing a general meeting be held for the purpose of removing K.S. Black & Co as the Company's auditor and nominating RSM Australia Partners as auditor (the **Notice**). The Company confirms that it has additionally received consent from RSM Australia Partners to act as auditor of the Company. The Notice was given to the Company pursuant to section 329 of the Corporations Act.

Accordingly, the Company will put forward resolutions to give effect to these changes in the general meeting to being called for the purpose of changing the Company's name to Epsilon Healthcare Limited. The shareholders from which the Notice was received are Barcoo Holdings Pty Ltd and Meta Growth Corp who together hold over 5% of the voting shares in the Company.

Whilst further disclosure will be provided in the upcoming Notice of Meeting, the Company notes that its directors will recommend that shareholders vote in favour of the proposed resolutions to change the Company's Auditor to RSM Australia Partners.

Executive Search for Chief Executive Officer

The Board notes that the executive search for the Group Chief Executive Officer is continuing, with a global executive search firm with expertise and experience in cannabis, pharmaceuticals, and biotechnology having been appointed in September. The Board now has a shortlist of high caliber candidates that it is reviewing and has commenced the process of conducting interviews with the shortlisted candidates. The Board will provide further updates on this process in early 2021.

For further information, please contact:



Jarrold White
Group Chief Executive Officer
e: ceo@thc.global

Sonny Didugu
Group Chief Operating Officer
e: coo@thc.global

Philip Leighfield
Joint Company Secretary
e: corporate@thc.global

ASX release authorised by THC Global's Management Committee.

THC Global Group Limited (ASX: THC) to be renamed Epsilon Healthcare Limited

THC Global is a diversified global healthcare and pharmaceuticals company with primary operations in Australia and Canada. THC Global is the first ASX listed entity to fully own and operate end to end commercial medicinal cannabis production facilities under Australia's cannabis regulations. THC Global's Southport Facility in Southport, Australia is one of the largest pharmaceutical GMP cannabis manufacturing facilities in the world. THC Global also owns and operates a fast growing turnkey cultivation solutions provider, including a hydroponics equipment and supplies wholesaler and retailer servicing the rapidly expanding cannabis sectors in North America and Europe.