16 November 2021

Dear Shareholder,

Annual General Meeting

I am pleased to invite you to the 2021 Annual General Meeting (**AGM**) of Althea Group Holdings Limited ACN 626 966 943 (**Althea** or **Company**), which will be held on 15 December 2021, starting at 5:00pm.

Please find enclosed a Notice of Meeting and Proxy Form for the AGM. The Notice of Meeting sets out the items of business for the AGM, and includes voting procedures, explanatory notes and the Board's voting recommendations. Please take the time to carefully read those documents in their entirety.

In response to the COVID-19 situation, and in the interests of the health and safety of shareholders and staff, this year's AGM will be fully virtual, which means that Shareholders and visitors will not be able to attend in person.

Instead, we have adopted measures to allow Shareholders to participate in the AGM online using your computer or mobile device. In particular, the AGM will be made accessible to Shareholders via an online platform, which will include a facility to allow Shareholders to vote in real time at the AGM. Further information on how to participate in the AGM is provided in the Notice of Meeting.

If you are unable to attend the AGM online at the scheduled time, you can participate by appointing a proxy to act on your behalf. If you intend to appoint a proxy, the enclosed Proxy Form should be completed and returned to the Company (see Proxy Form for details) as soon as possible and, in any event, no later than 5:00 pm on 13 December 2021. The Board encourages all Shareholders to direct their proxy how to vote on each item of business.

If you have any queries in relation to the AGM, please contact the company secretary, Mr Robert Meissner on +61 408 981 759.

I look forward to your attendance at the AGM.

Yours sincerely,

Andrew Newbold
Chairman

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NOTICE OF MEETING

Notice is hereby given that the 2021 Annual General Meeting (**AGM**) of the Shareholders of Althea Group Holdings Limited ACN 626 966 943 (**Althea** or **Company**) will be held at 5:00pm on 15 December 2021 as a virtual meeting.

Agenda

Item 1: Financial Report

To receive the financial statements, Directors' report and auditor's report for the Company for the financial year ended 30 June 2021.

Note: There is no requirement for Shareholders to approve these reports or vote on this item of business.

Item 2: Remuneration Report (Resolution 1)

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"*To adopt the remuneration report for the year ended 30 June 2021.*"

Note: This resolution is advisory only and does not bind the Company or the Directors.

A voting exclusion applies to this resolution – see Explanatory Statement for details.

Item 3: Approval for Additional 10% Placement Capacity (Resolution 2)

To consider and, if thought fit, to pass the following resolution as a special resolution:

"*That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities, in number, equal to up to 10% of the number of Shares on issue in the Company (at the time of the issue) calculated in accordance with the formula in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions and in the manner detailed in the Explanatory Statement .*"

Item 4: Re-election of Director (Resolution 3)

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"*That Andrew Newbold, a Director who retires by rotation at the close of the AGM in accordance with clause 67.2 of the Company's constitution and being eligible, is re-elected as a Director.*"

Item 5: Short Term Incentive - Grant of Performance Rights to Joshua Fegan (Resolution 4)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"*That, for the purposes of Listing Rule 10.14, approval is given for the Company to grant to its Managing Director and Chief Executive Officer, Mr Joshua Fegan, up to 601,142 Performance Rights under the Rights Plan on the terms set out in the Explanatory Statement*."

A voting exclusion applies to this resolution – see Explanatory Statement for details.

Item 6: Long Term Incentive - Grant of Performance Rights to Joshua Fegan (Resolution 5)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"*That, for the purposes of Listing Rule 10.14, approval is given for the Company to grant to its Managing Director and Chief Executive Officer, Mr Joshua Fegan, up to 300,571 Performance Rights under the Rights Plan on the terms set out in the Explanatory Statement*."

A voting exclusion applies to this resolution – see Explanatory Statement for details.

Item 7: Amendments to the Constitution (Resolution 6)

To consider and, if thought fit, to pass the following resolution as a **special** resolution:

"*That the for the purposes of section 136 of the Corporations Act, amendments to the Company's constitution to facilitate the holding of general meetings virtually in the form set out in in the Explanatory Statement be approved and adopted with immediate effect.*"

Other Business

To consider any other business that may be lawfully brought forward.

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Eligibility to attend and vote

You are eligible to attend and vote at the AGM if you are registered as an Althea shareholder at 7.00pm (AEDT) on Monday, 13 December 2021.

Participating in the AGM online

Shareholders can listen to the proceedings, view presentations, and vote in real-time at the AGM via the online platform.

Shareholders participating in the AGM online will be able to vote between the commencement of the AGM and the closure of voting as announced by the Chairman during the AGM.

If you choose to participate in the AGM online, registration will open at 4:00pm on Wednesday, 15 December 2021.

To participate in the AGM online, you can log in from your computer or mobile device, by entering the following URL in the browser: https://zoom.us/j/4396532796

Live Online Voting

Shareholders and proxyholders will be able to vote at the meeting online by:

- visiting web.lumiagm.com on a smartphone, tablet or computer (using the latest version of Chrome, Safari, Edge and Firefox);
- using unique meeting ID 301 939 443

Online voting registration will commence 30 minutes prior to the start of the meeting.

For full details on how to log on and vote online, please refer to the user guide at www.computershare.com.au/onlinevotingguide

Appointing a proxy

You can appoint a proxy to attend and vote on your behalf prior to the AGM.

To appoint a proxy, complete the Proxy Form. You can direct your proxy how to vote on Resolutions 1 to 6 by marking "For", "Against" or "Abstain".

A proxy does not need to be a Shareholder. A proxy may be an individual or a company. You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Forms and specify the percentage or number of votes each proxy is appointed to exercise. If you do not specify a percentage or number in both forms, each proxy may exercise half of the votes. You must return both Proxy Forms together.

If you require an additional Proxy Form, please contact Computershare Investor Services on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

If you sign the enclosed Proxy Form and no direction is given, the Chairman will be appointed as your proxy. If you appoint the Chairman as your proxy and do not direct him how to vote, you are authorising the Chairman to cast your undirected vote on all proposed resolutions.

If you appoint a proxy, you may still attend the AGM. However, your proxy's rights to speak and vote will be suspended while you are present.

Chairman's voting intentions

The Chairman intends to vote undirected proxies on, and in favour of, all the proposed resolutions. If there is a change to how the Chairman intends to vote undirected proxies, Althea will make an announcement to the market. The Chairman's decision on the validity of a vote cast by a proxy or vote cast in person is conclusive.

Submitting your Proxy Form

Your completed Proxy Form must be received by no later than 5:00pm on Monday, 13 December 2021. An original or a certified copy of any power of attorney under which the form was signed must also be received by this time unless previously provided to Computershare Investor Services.

You can lodge your vote:

- online at www.investorvote.com.au by following the instructions. You will need your Security holder Reference Number (SRN) or Holder Identification Number (HIN), which is set out on the enclosed Proxy Form;

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- online at http://www.intermediaryonline.com (for intermediary online users online); or
- by completing the enclosed Proxy Form and:
  - posting it to Computershare Investor Services using the reply-paid envelope or to Computershare Limited, GPO Box 242, Melbourne VIC 3001
  - faxing it to +61 3 9473 2500
  - using a mobile device to scan the QR code on the Proxy Form. To scan the QR code you will need a QR code reader application that can be downloaded for free on your mobile device. You will also need your SRN or HIN and postcode for your shareholding.

Questions and comments

A reasonable opportunity will be given to Shareholders as a whole at the AGM to ask questions about, or make comments on, the Company's financial report for the financial year ended 30 June 2021 and the management or performance of the Company and to ask the Auditor (or their representative) questions relevant to the conduct of the audit, the preparation and content of their Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of its Annual Report and the Auditor's independence in relation to the conduct of the audit.

Glossary

A glossary of terms used in this Notice of Meeting is contained in the Explanatory Statement. Terms defined in the glossary also apply to the accompanying Proxy Form, unless the context requires otherwise.

By order of the Board

Mr Robert Meissner

Company Secretary
15 November 2021

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EXPLANATORY STATEMENT

This Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it. The purpose of this Explanatory Statement is to provide Shareholders with an explanation of the items of business and the Resolutions to be proposed and considered at the AGM.

Item 1 Financial Report

The Corporations Act requires the Company's Annual Financial Report (which includes the Financial Statements and Directors' Declaration), the Directors' Report and the Auditor's Report in respect of the financial year ended on 30 June 2021 to be laid before the AGM.

The Company's Annual Financial Report in respect of the financial year ended on 30 June 2021 accompanies the Notice of Meeting and is also available online at the ASX's website at www.asx.com.au (ASX: AGH).

Neither the Corporations Act nor the Constitution requires Shareholders to approve the Annual Financial Report, the Directors' Report or the Auditor's Report. However, in accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the AGM to ask questions and make comments on these reports and on the business, operations and management of the Company.

The Auditor, or a representative of the Auditor, is required to attend the AGM and will be available to take Shareholders' questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of its Annual Financial Report and the Auditor's independence in relation to the conduct of the audit.

Item 2 Remuneration Report (Resolution 1)

Background

The Corporations Act requires the annual directors' report of a listed company to include a remuneration report discussing the board's policies for determining the nature and amount of remuneration paid to key management personnel.

Section 250R(2) of the Corporations Act then requires the Remuneration Report of the listed company for the relevant financial year to be laid before the annual general meeting and a resolution that it be adopted put to shareholders for consideration. The outcome of the resolution is advisory only and does not bind the directors or the listed company.

The Remuneration Report for the financial year ended 30 June 2021 is set out in the Annual Report.

Board recommendation

The Board unanimously recommends that Shareholders VOTE IN FAVOUR of Resolution 1.

Voting exclusion

The Company will disregard any votes cast on this resolution:

- by or on behalf of a member of the KMP whose remuneration is disclosed in the Remuneration Report and their closely related parties regardless of the capacity in which the vote is cast; and
- as a proxy by a member of the KMP at the date of the meeting and any of their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on this resolution:

- in accordance with a direction on the proxy form; or
- by the Chairman pursuant to an express authorisation to exercise the proxy as the Chairman thinks fit.

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Item 3 Approval for additional 10% placement capacity (Resolution 2)

Background

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under ASX Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**Additional 10% Placement Capacity**).

An 'eligible entity' means an entity which is not included in the S&P/ASX300 Index and which has a market capitalisation of $300 million or less. As at the date of the Notice of Meeting, the Company is an eligible entity. Accordingly, the Board believes that the Company will be an eligible entity at the date of the AGM.

Resolution 2 seeks Shareholder approval by way of special resolution for the Company to have the Additional 10% Placement Capacity provided for in ASX Listing Rule 7.1A to issue equity securities without Shareholder approval.

If Resolution 2 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in ASX Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 2 is not passed, the Company will not be able to access the Additional 10% Placement Capacity to issue Equity Securities without Shareholder approval provided for in ASX Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in ASX Listing Rule 7.1.

Resolution 2 is proposed as a **special resolution**. Accordingly, at least 75% of votes cast by Shareholders present and entitled to vote at the meeting must be in favour of Resolution 2 for it to be passed.

Shareholders' attention is drawn to the voting exclusion statement in relation to this resolution set out below. As at the date of the Notice of Meeting, the Company has not approached any particular existing Shareholder or any associate of a Shareholder to participate in an issue of Equity Securities under the Additional 10% Placement Capacity. Accordingly, no Shareholder is precluded from voting on Resolution 2.

73,415,425 Equity Securities were issued under ASX Listing Rule 7.1A in the 12-month period since the Company's 2020 annual general meeting.

ASX Listing Rule 7.1A.2 Formula

If Shareholders approve Resolution 2, the maximum number of Equity Securities that the Company may issue under the Additional 10% Placement Capacity will be calculated according to the following formula (set out in ASX Listing Rule 7.1A.2) (**ASX Listing Rule 7.1A.2 Formula**):

$$(A \times D) - E$$

Where:

A = The number of fully paid ordinary shares on issue 12 months before the issue date or date of agreement to issue:

- *plus* the number of fully paid ordinary shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- *plus* the number of partly paid ordinary shares that became fully paid in the 12 months;
- *plus* the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under ASX Listing Rule 7.1 or ASX Listing Rule 7.4; and
- *less* the number of fully paid ordinary shares cancelled in the 12 months.

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Note that "**A**" has the same meaning in ASX Listing Rule 7.1 (described above) when calculating Althea's usual annual 15% placement capacity under that ASX Listing Rule.

D = 10%

E = The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are *not* issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or ASX Listing Rule 7.4.

If the Company obtains the approval of its Shareholders to the Additional 10% Placement Capacity:

- any Shares issued under that Additional 10% Placement Capacity will not be counted in variable "A" above until their issue has been ratified under ASX Listing Rule 7.4 (described above) or 12 months has passed since their issue; and
- any Shares issued under that Additional 10% Placement Capacity are counted in variable "E" above until their issue has been ratified under ASX Listing Rule 7.4 (described above) or 12 months has passed since their issue.

Placement capacity under ASX Listing Rules 7.1 and 7.1A

Subject to a number of exceptions, in general terms, ASX Listing Rule 7.1 limits the number of Equity Securities that a listed entity such as Althea may issue or agree to issue without Shareholder approval in any 12-month period to 15% of its issued ordinary shares. The Additional 10% Placement Capacity is in addition to the Company's usual annual 15% placement capacity under ASX Listing Rule 7.1.

As at the date of the Notice of Meeting, the Company has 306,725,425 Shares on issue and, accordingly, it will have capacity to issue 30,672,542 Shares under ASX Listing Rule 7.1A without the prior approval of its Shareholders if Shareholders approve Resolution 2. This capacity to issue additional shares will be in addition to any other Shares and other Equity Securities which it can issue under the permitted exceptions to ASX Listing Rules 7.1 and 7.1A.

The actual number of Shares that the Company will have capacity to issue or agree to issue under ASX Listing Rule 7.1A or ASX Listing Rule 7.1 at any particular point in time will be calculated at the relevant time in accordance with the ASX Listing Rule 7.1A.2 Formula (outlined above) or the formula applicable to ASX Listing Rule 7.1 (as the case may be).

Period of approval

Shareholder approval of the Additional 10% Placement Capacity is valid from (and, therefore, Equity Securities may be issued under the Additional 10% Placement Capacity) the date of the AGM at which Shareholder approval is provided until the first to occur of the following (**Period of Approval**):

(1) the date that is 12 months after the date of the AGM at which Shareholder approval is provided.

(2) the time and date of the entity's next annual general meeting.

(3) the date of the approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (*Proposed change to nature or scale of activities*) or ASX Listing Rule 11.2 (*Change involving main undertaking*).

Upon the expiry of the Period of Approval, the Company's placement capacity will be governed by ASX Listing Rule 7.1 (and ASX Listing Rule 10.11, in the case of placements to related parties) unless the Company has obtained a further approval under ASX Listing Rule 7.1A.1 before the end of the Period of Approval.

Any approval under Resolution 2 will cease to be valid if Shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2 referred to above.

Minimum issue price

Under ASX Listing Rule 7.1A.3, the minimum price at which each Equity Security may be issued under the Additional

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10% Placement Capacity is 75% of the VWAP for securities in that class calculated over the 15 trading days on which trades were recorded immediately before:

(1) the date on which the price at which the securities are to be issued is agreed; or

(2) if the securities are not issued within 10 trading days of that date, the date on which the securities are issued.

If Althea issues any Equity Securities under ASX Listing Rule 7.1A for non-cash consideration, it must provide to ASX for release to the market a valuation of the non-cash consideration that demonstrates that the issue price of those Equity Securities complies with the minimum issue price outlined above.

Purpose and allocation

As at the date of the Notice of Meeting, the Company does not have any specific intention to use the Additional 10% Placement Capacity nor has it invited any Shareholder to participate, or consider participating, in an issue of Equity Securities under the Additional 10% Placement Capacity.

The Company is seeking approval to take advantage of the ASX's recognition that flexibility is sometimes required if action needs to be taken swiftly. The Additional 10% Placement Capacity may be used to raise funds to support the Company's ongoing business and general working capital purposes or for the acquisition of assets or investment in business opportunities which may arise from time to time.

Ultimately, if Resolution 2 is approved, the Company's allocation policy for issues of Equity Securities under the Additional 10% Placement Capacity will depend on various considerations including the purpose of the proposed issue, the alternative methods for raising funds which are available to the Company at the time, the effect of the proposed issue on the control of the Company, the circumstances of the Company including its financial position, the prevailing market conditions at the time of the proposed issue and any advice received from corporate, financial or other advisers (as applicable).

The identity of the placees will be determined on a case-by-case basis at or around the time of issue. However, the placees of any Equity Securities could consist of current Shareholders, new investors or both, none of whom will be related parties of the Company. Placees may also include vendors of assets or businesses of the Company or its subsidiaries. It is unlikely that such a placee will be a person to whom the Company is required to issue a prospectus or other disclosure document under the Corporations Act.

The Company may issue Equity Securities under the Additional 10% Placement Capacity for cash consideration. Any funds raised under the Additional 10% Placement Capacity may be used to support the Company's ongoing business and general working capital purposes or for the acquisition of assets or investment in business opportunities which may arise from time to time

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon the issue of any Equity Securities under the Additional 10% Placement Capacity.

Risk of economic and voting dilution

Any issue of Equity Securities under the Additional 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

If Resolution 2 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity, the economic and voting dilution of existing Shareholders through the Company using the Additional 10% Placement Capacity is as illustrated in the table below.

The table below has been prepared based on the number of quoted Equity Securities (i.e. fully paid ordinary shares) on issue in the Company as at the date of the Notice of Meeting and the closing price of those securities as at close of trade on ASX on INSERT DATE.

The table below also shows the voting dilutionary impact where the number of Shares on issue (variable A in the

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ASX Listing Rule 7.1A.2 Formula) changes and the economic dilutionary impact where there are changes to the issue price of Shares issued under the Additional 10% Placement Capacity.

Number of Shares on Issue (*variable "A" in the ASX Listing Rule 7.1A.2 Formula*)*	Dilution			
	Dilution based on number of Shares issued (*being 10% of the number of Shares at the time of issue*)	Funds raised based on an issue price of $0.15 (*50% decrease in current issue price*)	Funds raised based on an issue price of $0.30 (*Current issue price*)	Funds raised based on an issue price of $0.45 (*50% increase in current issue price*)
306,725,425 (*Current*)	30,672,543	$4,600,881	$9,201,763	$13,802,644
460,088,137 (*50% increase*)	46,008,814	$6,901,322	$13,802,644	$20,703,966
613,450,850 (*100% increase*)	61,345,085	$9,201,763	$18,403,526	$27,605,288

*The number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or securities issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

1. The current Shares on issue are the Shares on issue as at the date of the Notice of Meeting.
2. The current issue price set out above is the closing price of the Shares on ASX on 20 October 2021.
3. The Company issues the maximum possible number of Equity Securities under the Additional 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the date of the AGM other than issues under an exception in ASX Listing Rule 7.2 or with Shareholder approval under ASX Listing Rule 7.1 or ASX Listing Rule 7.4.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to issues under or exceptions to ASX Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. Based on its current issued securities, only Shares can be issued by the Company under the Additional 10% Placement Capacity.

Shareholders should note that there is a risk that:

(1) the market price for the Company's Equity Securities may be significantly lower on the issue date than on the

date of the AGM; and

(2) the Company's Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

Board recommendation

The Board unanimously recommends that Shareholders VOTE IN FAVOUR of Resolution 2.

Item 4 Re-Election of Director (Resolution 3)

Information on the candidate standing for re-election is set out below.

Name: Mr Andrew Newbold

Qualifications: LLB / BEc

Term: Non-Executive Director since July 2018

Independent: Yes

Directorships: None

Experience: Andrew is a qualified lawyer having practised for nearly 20 years at a large commercial firm. Following his retirement from law in 2006, he founded a renewable energy business which he sold to Origin Energy in 2009. Since that time he has been involved in a start-up property app business which he sold to ANZ in 2015 and various other businesses. Andrew has been a director of numerous private companies and not-for-profit organisations and currently is a director of Supra Capital, a Commissioner of the AFL and Chairman of Golf Australia Board recommendation.

The Board (excluding Mr Newbold) unanimously recommends that Shareholders VOTE IN FAVOUR of the re-election of Mr Newbold.

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Item 5 and Item 6 Grant of Performance Rights to Joshua Fegan (Resolution 4 and Resolution 5)

Shareholder approval is being sought for the proposed grant of:

(a) 601,142 short term incentive Performance Rights to its Managing Director and Chief Executive Officer, Mr Joshua Fegan, under the Rights Plan in FY21; and

(b) 300,571 long term incentive Performance Rights to its Managing Director and Chief Executive Officer, Mr Joshua Fegan, under the Rights Plan in FY21.

Current remuneration package

Mr Fegan's current total remuneration package is:

- total fixed remuneration of $400,000 (inclusive of superannuation)
- STI of up to 25% of total fixed remuneration
- LTI with a maximum opportunity of 37.5% of fixed remuneration for FY21.

Shareholders are referred to the Remuneration Report for further details of Mr Fegan's remuneration.

Shareholder Approval

Listing Rule 10.14 provides that an entity must not permit certain classes of individuals, including directors, to acquire securities under an employee incentive scheme without the approval of the holders of its ordinary securities. Approval from shareholders is being sought in relation to Mr Joshua Fegan's participation in the Rights Plan in FY21.

If Shareholders approve:

(a) Resolution 4, 601,142 short term Performance Rights will be granted to Joshua Fegan; and

(b) Resolution 5, 300,571 long term Performance Rights will be granted to Joshua Fegan.

If shareholder approval is not provided, then, subject to the achievement of the relevant performance conditions, it is intended that the Rights Plan awards will be provided to Mr Joshua Fegan in cash at the end of the relevant performance period, equivalent in value to the Rights Plan award he would have received had shareholder approval been received.

Rights Plan

The Rights Plan is designed to form a significant component of senior executive variable remuneration and to create alignment between shareholder benefit and the remuneration of senior executives. The Rights Plan facilitates the Company providing appropriate, competitive and performance-linked remuneration its executives.

Calculation of the number of Performance Rights

The number of Performance Rights granted to Mr Joshua Fegan is calculated using a market share price of $0.36 being the VWAP at which Shares were traded on the ASX over a 30-day period in the lead up to 30 June 2020.

Performance period for the FY21 grant

3 years commencing on 1 July 2020 and ending on 30 June 2023.

Performance conditions

The performance metric for the Performance Rights is absolute total shareholder return (ATSR). TSR is the sum of Share price appreciation and dividends (assumed to be reinvested in Shares) during the Measurement Period. It is annualised for the purposes of the vesting scale. CAGR is Compound Annual Growth Rate.

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The vesting of each Tranche of Performance Rights will be determined by reference to the following scale, in relation to the relevant Measurement Period:

Performance Level	Absolute TSR (CAGR) Over Performance Measurement Period	Vesting % of Tranche
Stretch	≥ 25%	100%
Between Target & Stretch	> 15% & < 25%	Pro-rata
Target	**15%**	**50%**
Between Threshold & Target	> 10% & < 15%	Pro-rata
Threshold	10%	25%
Below Threshold	< 10%	0%

Note: 10% CAGR is approximately the average TSR CAGR achieved by ASX listed companies over the long term. 10% CAGR over 3 years = 33% growth, 15% CAGR over 3 years = 52% growth, and 25% CAGR over 3 years = 95% growth.

Cessation of employment

Generally, if termination of employment occurs within the first year of the Measurement Period some of the Performance Rights will be forfeited in the proportion that the remainder of the first year of the Measurement Period bears to a full year.

Remaining Performance Rights will then, in the discretion of the Board, either:

- continue to be held for testing for vesting at the end of the Measurement Period, or
- be tested for vesting at the time of the termination of employment.

Any Performance Rights that do not vest at the testing date will be forfeited.

Exercise Restrictions will cease upon termination.

Vested Performance Rights held after a termination of employment will be automatically exercised 90 days after the date on which the Participant ceases to hold any unvested Rights.

If Performance Rights are exercised after the termination of employment and the Share price is lower at the date of exercise than on the date of termination, then the Exercised Rights Value will be settled in cash.

Service Rights will be dealt with as specified in Invitations and Restricted Rights will be automatically exercised on termination of employment.

Clawback

The Board has sole discretion to determine that some or all unvested Performance Rights lapse on a specified date if allowing the Performance Rights to vest would, in the opinion of the Board, result in an inappropriate benefit to the recipient. Such circumstances would include joining a competitor or actions that harm the Company's stakeholders. In the case of fraud or misconduct, all unvested Performance Rights will be forfeited.

Change of Control

In the event the Board determines that the Company will be subject to a change of control without delisting, the vesting conditions attached to the Performance Rights at the relevant time will cease to apply and:

- Unvested Performance Rights will vest in accordance with the following formula:

$$\text{Number of Performance Rights to Vest} = \text{Unvested Performance Rights} \times \text{\% of First Year of Measurement Period Elapsed} \times \frac{\text{(Share Price at the Effective Date – Share price at Measurement Period Commencement)}}{\text{Share price at Measurement Period Commencement}}$$

- Remaining Performance Rights may continue (possibly with revised vesting conditions), vest, or lapse as determined by the Board, and
- Exercise Restrictions will cease to apply.

Additional disclosures

The following information sets out additional disclosures:

(1) Approval is being sought for the grant of Performance Rights to Mr Joshua Fegan because he is a Director of the Company;

(2) the maximum number of performance rights proposed to be awarded to Mr Joshua Fegan under this approval is 601,142;

(3) the price payable by Mr Joshua Fegan on the issue or vesting of each performance right is $nil;

(4) Mr Fegan has not previously been granted any Performance Rights under the Rights Plan;

(5) there is no loan proposed in relation to the proposed award of performance rights to Mr Joshua Fegan;

(6) the Performance Rights are expected to be granted to Mr Joshua Fegan in December 2021 (but in any event no later than 30 days after the date of this meeting);

(7) details of Performance Rights issued to Mr Joshua Fegan under the Rights Plan will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14, and

(8) any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Rights Plan after this resolution is approved and who were not named in the Notice of Meeting will not participate in the Rights Plan until approval is obtained under that rule.

Board recommendation

The Board unanimously recommends that Shareholders VOTE IN FAVOUR of Resolution 5 and Resolution 6.

Voting exclusion

The Company will disregard any votes cast:

- in favour of this resolution by or on behalf of Mr Joshua Fegan, and any of his associates, regardless of the capacity in which the vote is cast; and
- on this resolution as a proxy by a person who is a KMP at the date of the AGM or their closely related party,

unless the vote is cast on this resolution:

- as proxy or attorney for a person entitled to vote on the resolution in accordance with their directions on how to vote as set out in the proxy appointment;
- as proxy for a person entitled to vote on the resolution by the Chairman pursuant to an express authorisation to exercise the proxy to vote as the Chairman thinks fit; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

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- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Item 7 – Amendments to the constitution (Resolution 6)

In light of the continued disruption and uncertainty caused by COVID-19, and in recognition of the need to have flexibility to continue to hold general meetings through future global events, the Company proposes to amend the existing clause 37.1 and 37.7 and insert a new clause 40.1 into the Constitution to permit it to continue to hold virtual meetings and/or hold hybrid meetings. The effect of section 136(2) of the Corporations Act is that a special resolution of shareholders is required to amend the Constitution.

Clause	Current drafting	Amended drafting
37.1 (existing clause)	A notice of a general meeting must comply with section 249L of the Act and any Listing Rule requirement for notices.	A notice of a general meeting must comply with the law.
37.7 (new clause)	N/A	Unless the law provides otherwise, a notice of a general meeting and any document that is required or permitted to be given in connection with that notice of general meeting: 1. need not be provided physically in writing; 2. may be provided to members using one or more technologies to communicate the contents; and 3. may be provided to members using one or more technologies to communicate details of an online location where they can be viewed or downloaded.
40.1 (existing clause)	The Company may hold a meeting of its members at 2 or more venues simultaneously using any technology that, in the opinion of the directors, gives the members as a whole a reasonable opportunity to participate.	Unless the law requires otherwise, a virtual general meeting may be held without there being a physical meeting place by using any technology, including by an instantaneous audio-visual communication device or audio and visual or virtual communication technology, on the basis that: 1. the notice convening the general meeting refers to the main regulations, rules and procedures governing how the meeting is to be conducted; 2. a member participating at the meeting is taken to be present at the meeting for all purposes (including for the purposes of determining a quorum); 3. a member participating at the meeting is entitled to exercise all rights as a member at the meeting including the right to vote (as applicable) on a show of hands or a poll; and 4. the members participating at the meeting should be able to hear the meeting in real time and should be given a reasonable opportunity to participate including being

		able to ask questions or to make comments (provided that an inability of one or more members to do so will not affect the validity of the meeting or any business conducted at it for so long as sufficient members are able to do so as are required to constitute a quorum).

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GLOSSARY

In the Notice of Meeting, Explanatory Statement and accompanying Proxy Form, unless the context requires otherwise:

Althea or **Company** means Althea Group Holdings Limited ACN 626 966 943.

AGM means the Annual General Meeting of the Shareholders of the Company to be held on 15 December 2021 at 5:00pm convened by way of the Notice of Meeting.

Annual Report means the Annual Report for Althea for the financial year ended 30 June 2021.

ASX means ASX Limited ACN 008 624 691, or the market operated by it (as the context requires).

ASX Listing Rules means the listing rules of ASX (as amended or waived from time to time).

Board means the board of directors of the Company.

Chairman means the chairman of the AGM.

Constitution means the constitution of the Company.

Corporations Act means Corporations Act 2001 (Cth).

Director means a director of the Company.

Equity Securities has the meaning given in the ASX Listing Rules and includes a share, an option over an issued or unissued security, a right to a share or option, a convertible security and any security that ASX decides to classify as an Equity Security.

KMP means key management personnel named in the Remuneration Report.

Notice of Meeting means the Notice of Annual General Meeting of the Shareholders of the Company dated **15 November 2021**.

Performance Rights means rights under the Rights Plan which are subject to performance related vesting conditions.

Proxy Form means the proxy form accompanying the Notice of Meeting.

Remuneration Report means the section of the Directors' report in the Annual Report entitled 'Remuneration Report'.

Resolution means a resolution referred to in the Notice of Meeting.

Rights Plan means the rights plan approved by Shareholders at the Company's 2019 annual general meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a person or entity entered in the Company's register of members from time to time as the holder of Shares.

VWAP means the volume weighted average market price (as defined in the ASX Listing Rules) for Shares.

Althea™
ABN 78 626 966 943

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

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YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **5:00pm (AEDT) on Monday, 13 December 2021.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 136262

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

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☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Althea Group Holdings Ltd hereby appoint

☐ **the Chairman of the Meeting** **OR** _____

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Althea Group Holdings Ltd to be held as a virtual meeting on Wednesday, 15 December 2021 at 5:00pm (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4 and 5 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4 and 5 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Remuneration Report	☐	☐	☐
Resolution 2	Approval for Additional 10% Placement Capacity	☐	☐	☐
Resolution 3	Re-election of Director - Andrew Newbold	☐	☐	☐
Resolution 4	Short Term Incentive - Grant of Performance Rights to Joshua Fegan	☐	☐	☐
Resolution 5	Long Term Incentive - Grant of Performance Rights to Joshua Fegan	☐	☐	☐
Resolution 6	Amendments to the Constitution	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

Mobile Number _____

Email Address _____

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically



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