

ASX Announcement | 26 April 2022
Althea Group Holdings (ASX:AGH)

Quarterly Results and Highlights for the period ending 31 March 2022

AGH achieves record quarter with \$5.5 million in receipts from customers, an increase of 100% on the previous corresponding period

Financial Highlights:

Group

- AGH has achieved another record quarter with \$5.5 million in receipts from customers for the period ending 31 March 2022 – an increase of 100% from the previous corresponding period
- The result was achieved despite the seasonal effect experienced in January, a time of year in which many primary care doctors take extended leave, exacerbated in 2022 by the easing of prolonged COVID-19 restrictions along with the floods in Queensland and Northern NSW
- AGH anticipates a material increase in receipts from customers during the current quarter
- The Company remains fully funded with approximately \$8 million of cash on hand

Division

- **Recreational cannabis** - AGH's wholly owned subsidiary, Peak Processing Solutions ('Peak'), achieved a record \$2.8 million in receipts from customers for the Reporting Period
- **Pharmaceutical cannabis** - AGH's global cannabis-based medicines business, **Althea**, achieved \$2.7 million in receipts from customers for the Quarter

26 April 2022: **Althea Group Holdings Limited (ASX:AGH) ('AGH', or 'the Company')**, a global leader in the manufacturing, sales and distribution of cannabis-based medicines and recreational cannabis products, is pleased to present its Appendix 4C cash flow statement and operational update for the quarter ended 31 March 2022 ('Quarter', 'Reporting Period').

Financial update for the Quarter

AGH has achieved another record quarter with \$5.5 million in receipts from customers for the period ending 31 March 2022, an increase of 100% from the previous corresponding period.

This result is despite the seasonal effect experienced in January, a time of year in which many primary care doctors take extended leave, exacerbated in 2022 by the easing of prolonged COVID-19 restrictions along with the floods in Queensland and Northern NSW.

Further highlights during the Quarter include:

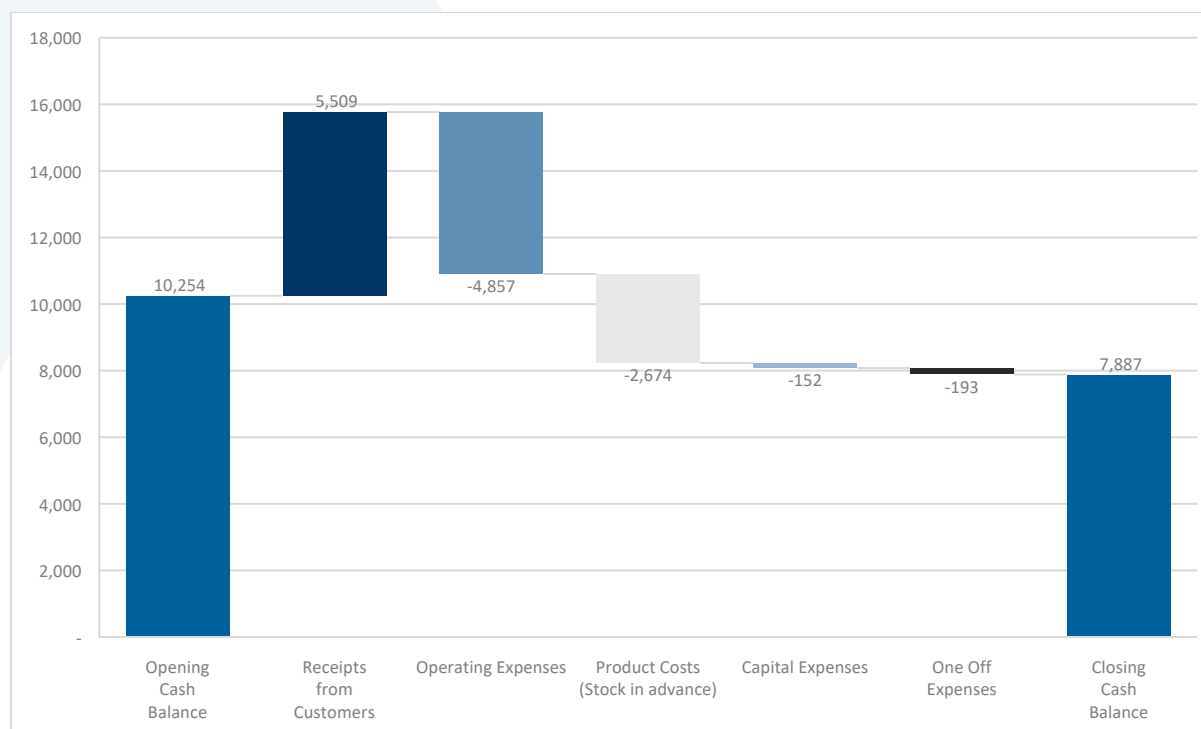
- An increase of \$2.8 million, or 100%, in receipts from customers from the previous corresponding period
- Peak achieved \$2.8 million in receipts from customers for the Reporting Period - an increase of 6% from the prior quarter



- Althea achieved \$2.7 million in receipts from customers for the Reporting Period - in line with the prior quarter

The chart below summarises cash inflows and outflows during the Quarter.

Chart 1: Bridging chart for quarter ended 31 March 2022 ('000)



Below is a summary of the notable movement in expenses in the Quarter:

Product Costs (Stock in advance) –

- Althea continues to invest in purchasing stock to support the future growth in sales, and continuous supply, of its cannabis-based medicines to patients around the globe

Closing Cash Balance –

- AGH remains fully funded with approximately \$8 million of cash on hand as at 31 March 2022

Operational update for the Quarter

Recreational cannabis - Peak Processing Solutions

Peak achieved a record \$2.8 million in receipts from customers for the Reporting Period and anticipates a material increase in receipts from customers during the current quarter (Q4 FY22), which the Company believes will be a defining period for the business.

As the northern hemisphere summer approaches, Peak has a strong pipeline of new products which will be introduced to the market over the coming months.



Pharmaceutical cannabis - Althea

Althea achieved \$2.7 million in receipts from customers for the Reporting Period, in line with the prior quarter and despite the seasonal effects experienced in January and February, when many primary care doctors took extended leave following the easing of COVID-19 restrictions. The recent flooding in Queensland and Northern NSW also caused significant disruption to the Australian business.

Althea's business model relies on the ability of its infield representatives to call on HCPs, delivering the medical education necessary to generate patient prescriptions for its medicines. Although Althea pivoted during the pandemic to focus on increasing its share of the available market, its primary objective is to create new prescribers, thereby increasing the overall size of the medicinal cannabis market.

Pleasingly, the market has shifted back in favour of the Company's strategy recently with all key metrics returning to pre-pandemic levels. Althea is positioned well to achieve the growth rates envisioned prior to the global pandemic.

AGH CEO, Joshua Fegan said: "Q3 FY22 was always going to be an important quarter for AGH as we looked to consolidate on the success of the prior quarter, whilst dealing with the usual seasonal disruptions of the Christmas holiday period along with the unfortunate flooding in Northern NSW and Queensland. Having successfully navigated these challenges, our focus is firmly on Q4 FY22 which we anticipate will see a material increase in cash receipts, as we aim to close out the financial year on a high."

In item 6 of the Appendix 4C cash flow report for the Quarter, payments to Related Parties of \$185,000 comprised of salary paid to Chief Executive Officer and their associates and fees paid to Non-Executive Directors.

-ENDS-

Authorised by: Robert Meissner, Company Secretary

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Althea Group Holdings Limited (ASX:AGH)

Althea Group Holdings Ltd ('AGH') is a global leader in the manufacturing, sales and distribution of cannabis-based medicines and recreational cannabis products. AGH services these sectors via two distinct business units. Althea, the company's pharmaceutical business, offers a comprehensive



range of cannabis-based medicines which are made available to patients via prescription. Peak Processing Solutions, AGH's recreational cannabis business, produces legal cannabis products purchased by adult consumers in retail stores.

AGH operates in highly regulated and legal cannabis markets across the world with burgeoning operations in Europe, North America, Australia and Africa.

To learn more about Althea Group Holdings, please visit: www.altheagroupholdings.com

For more information on Peak, please visit: www.peakprocessing.com

For more information on Althea, please visit: www.althea.life



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Althea Group Holdings Limited

ABN

78 626 966 943

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		5,509	15,405
1.2 Payments for			
(a) research and development		(32)	(106)
(b) product manufacturing and operating costs		(2,674)	(7,330)
(c) advertising and marketing		(315)	(984)
(d) leased assets		(152)	(378)
(e) staff costs		(3,211)	(10,696)
(f) administration and corporate costs		(1,363)	(3,929)
1.3 Dividends received (see note 3)			
1.4 Interest received			1
1.5 Interest and other costs of finance paid		(11)	(34)
1.6 Income taxes paid			
1.7 Government grants and tax incentives		67	155
1.8 Other (provide details if material)			
1.9 Net cash from / (used in) operating activities		(2,182)	(7,896x)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities			
(b) businesses			
(c) property, plant and equipment		(133)	(803)
(d) investments			
(e) intellectual property		(19)	(61)
(f) other non-current assets			

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(152)	(864)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		10,644
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(673)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(2)	(2)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(2)	9,969

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,254	6,761
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,182)	(7,896)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(152)	(864)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	10,003
4.5	Effect of movement in exchange rates on cash held	(31)	(117)
4.6	Cash and cash equivalents at end of period	7,887	7,887

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,506	9,873
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (Term Deposits)	381	381
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,887	10,254

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(185)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,182)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,887
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	7,887
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.6
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 April 2022

Authorised by: Robert Meissner – Company Secretary

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.