

ASX Announcement | 31 January 2024  
Althea Group Holdings (ASX:AGH)

## Quarterly Results and Highlights for the period ending 31 December 2023

*AGH records \$18.26 million in receipts from customers in first half of FY24*

### Financial Highlights:

#### Group

- Receipts from customers for the first half of FY24 reached a record \$18.26 million – an increase of 24% from the previous corresponding period
- AGH recorded \$8.80 million in receipts from customers for the quarter ending 31 December 2023 – an increase of 33% from the previous corresponding period
- Net cash used in operating activities for the first half of FY24 was \$960,000 – a reduction of \$3.93 million from the previous corresponding period
- The Company completed the sale and leaseback of its Canadian property and repaid the entirety of its debt during the Quarter, including the full repayment and redemption of the outstanding convertible notes

#### Division

- **Pharmaceutical cannabis** - AGH's global cannabis-based medicines business, ('Althea'), achieved \$4.69 million in cash receipts from customers for the Quarter, an increase of 39% from the previous corresponding period
- Althea generated record revenue of \$5,235,769 (unaudited) from cannabis-based medicines during the Quarter, an increase of 35% from the previous corresponding period and \$356,805 more than the quarter prior
- **Recreational cannabis** - AGH's wholly owned subsidiary, Peak Processing Solutions ('Peak'), achieved \$4.11 million in receipts from customers for the Reporting Period, an increase of 22% from the previous corresponding period
- The December quarter has traditionally been Peak's weakest due to winter seasonality, with the following two quarters historically stronger, as Canada enters Spring and Summer

31 January 2024: **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 December 2023 ('**Quarter**', '**Reporting Period**').

### Financial update for the December Quarter

AGH recorded \$8.80 million in receipts from customers for the quarter ending 31 December 2023, an increase of 33% from the previous corresponding period.

Receipts from customers for the first half of FY24 reached a record \$18.26 million – an increase of 24% from the previous corresponding period.



Net cash used in operating activities was \$995,000 for the December Quarter, a result of winter sales seasonality experienced annually at Peak Processing Solutions in Canada, along with multiple accounts receivables spilling over into January 2024.

A majority of those funds expected to be collected in December 2023, have since been received.

Net cash used in operating activities for the first half of FY24 was \$960,000, a reduction of \$3.93 million from the previous corresponding period.

Further highlights for the Quarter include:

- Althea achieved \$4.69 million in receipts from customers for the Reporting Period - an increase of 39% from the previous corresponding period
- Peak achieved \$4.11 million in receipts from customers for the Reporting Period - an increase of 22% from the previous corresponding period
- Repayment of borrowings - The Company repaid loans worth \$4.14 million during the Quarter, which included the full repayment and redemption of the outstanding convertible notes
- Closing cash balance - As at 31 December 2023, AGH remains fully funded with \$2.81 million cash on hand

### Operational update for the Quarter

#### Pharmaceutical cannabis - Althea

##### Althea achieves record revenue

Althea generated record (unaudited) revenue of \$5,235,769 during the Quarter, an increase of 35% from the previous corresponding period, and \$356,805 more than the quarter prior.

Althea's record sales can be attributed to strong growth across multiple products, including its new **Althea CBD25** softgel capsules. Demand for **Althea CBD25** softgel capsules has been higher than anticipated and, in response, the Company is acting to bring planned shipments forward to accommodate the uptake.

Subsequent to the Quarter, the Company launched two further softgel capsules in January 2024, **Althea CBD3:THC2** and **Althea THC10**.

The innovative range of Althea softgel capsules offers a fixed-dose, oral formulation providing gradual onset and extended duration of effect. This may be preferred by doctors for the management of chronic conditions such as anxiety, pain, and sleep difficulties, where medicinal cannabis is most commonly prescribed.

#### Recreational cannabis - Peak Processing Solutions

##### Record production and product listings

Peak produced a remarkable 5 million cans of infused-cannabis beverages in CY2023, an amazing achievement in only its third year of operations.

Peak secured 73 new product listings in CY2023 and its products continue to shine in the market, earning prestigious awards such as Beverage Brand of the Year (Sweet Justice) and Best New Product



of 2023 (Teapot by Boston Beer Company) from KIND magazine, along with Best Beverage (Sheesh Hash Soda) at the Grow UP Conference & Expo.

### Winter Seasonality

The December quarter has traditionally been Peak's weakest due to winter seasonality, with the following two quarters historically stronger, as Canada enters the Spring and Summer seasons.

**AGH CEO, Joshua Fegan said:** "If not for some unanticipated timing issues to do with accounts receivables expected to be paid in December, the Company was very much in line to record a cash flow positive result for the Quarter. Althea softgel capsules promise exciting growth opportunities due to their uniqueness and product format familiarity and comfortability for doctors and patients. Peak continues to develop and launch innovative adult-use cannabis products in Canada, with many of its brand partners flourishing in a competitive market, including Canopy Growth, Boston Beer Company, Sweet Justice and more, all of which are looking forward to a busy spring and summer."

In item 6 of the Appendix 4C cash flow report for the Quarter, payments to Related Parties of \$180,000 comprised of salary paid to Chief Executive Officer and fees paid to Non-Executive Directors.

**-ENDS-**

Authorised by: Robert Meissner, Company Secretary

### For further information, please contact:

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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](http://www.altheagroupholdings.com)

For more information on Peak, please visit: [www.peakprocessing.com](http://www.peakprocessing.com)

For more information on Althea, please visit: [www.althea.life](http://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 December 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	8,804	18,261
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(4,142)	(8,286)
(c) advertising and marketing	(136)	(294)
(d) leased assets		
(e) staff costs	(3,944)	(7,247)
(f) administration and corporate costs	(1,588)	(3,419)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(24)	(35)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	32	57
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(995)</b>	<b>(960)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(82)	(610)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	5,088	5,088
(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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>5,006</b>	<b>4,478</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	80	140
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		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(4,152)	(4,245)
3.7 Transaction costs related to loans and borrowings	(27)	(74)
3.8 Dividends paid		
3.9 Other (provide details if material)	(564)	(724)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(4,663)</b>	<b>(4,903)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,511	4,278
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(995)	(960)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	5,006	4,478

**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4,663)	(4,903)
4.5	Effect of movement in exchange rates on cash held	(51)	(84)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,809</b>	<b>2,809</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,150	3,069
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (Term Deposits)	658	442
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,809</b>	<b>3,511</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(180)
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. <b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
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. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(995)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,809
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	2,809
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.82
<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: 31 January 2024

Authorised by: The Board of Directors

(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.