



Althea  
Group  
Holdings



# Investor Presentation

September 2022



# Creating a Profitable & Sustainable Business

## We exist to:

Althea Group Holdings Ltd (ASX:AGH) drives innovation in the emerging cannabis industry.

We are strategically positioned in the development, manufacturing and distribution of premium quality cannabis-based medicines and recreational cannabis products.

AGH is focused on meeting demand in the world's largest federally regulated cannabis markets including Canada, Germany, Australia and the United Kingdom.

We operate three separate and distinct strategic business units: Althea, MyAccess Clinics and Peak Processing Solutions (Peak).

Driven by values:

Integrity

Respect

Safety

Community Standards

## Medical Cannabis



Althea is a global leader in the sales and distribution of medical cannabis products



MyAccess Clinics is one of the UK's leading medical cannabis clinics

## Recreational Cannabis



Peak partners with consumer packaged goods companies to develop, manufacture and launch recreational cannabis products

# Investment Highlights

Strong growth in FY22; Strategic commercial initiatives have business well placed for further growth in FY23 and beyond

## Strong growth for AGH continues

- 78% increase in FY22, achieving \$20.5m in revenue
- Effective cost control measures implemented
- Supply chain enhancements implemented – projected to deliver gross margin improvements
- AGH group continues to outperform comparable ASX cannabis companies<sup>1</sup>

## Industry leading medical cannabis business

- 35,000+ patients globally treated with Althea medicines
- Approximately 1,500 registered prescribers in Australia
- Global expansion continues – Ireland entry announced to the ASX May 2022
- 1,000+ MyAccess Clinics registered patients
- Althea Concierge™ continues to lead industry education and access with 5,000+ registered users

## Rapidly growing presence in Canadian recreational cannabis market

- 454% increase in FY22, achieving \$8.9m in revenue
- Peak produces Canada's No 1. selling cannabis beverage
- 20+ SKUs now officially distributed via Provincial distributors
- Peak 'in-house' product range set for launch in 2H2022

1. Based on FY22 revenue of comparable companies



# FY22 Financial Highlights

AGH remains fully funded with increasing revenue and decreasing cash outflows

## GROUP REVENUE

**\$20.5m**

Up 78% over PCP

## MEDICAL CANNABIS REVENUE

**Up 29%**

Over PCP to \$12.2m

## RECREATIONAL CANNABIS REVENUE

**Up 454%**

Over PCP to \$8.9m

## OPERATING LOSS

**Down 24%**

Decrease on PCP by \$2.6m

## OPERATING CASH OUTFLOWS

**Down 13%**

Over PCP

Continued strong collections from customers and implementation of prudent cost management framework

## EMPLOYEE EXPENSES

**Down 8.85%**

Over PCP

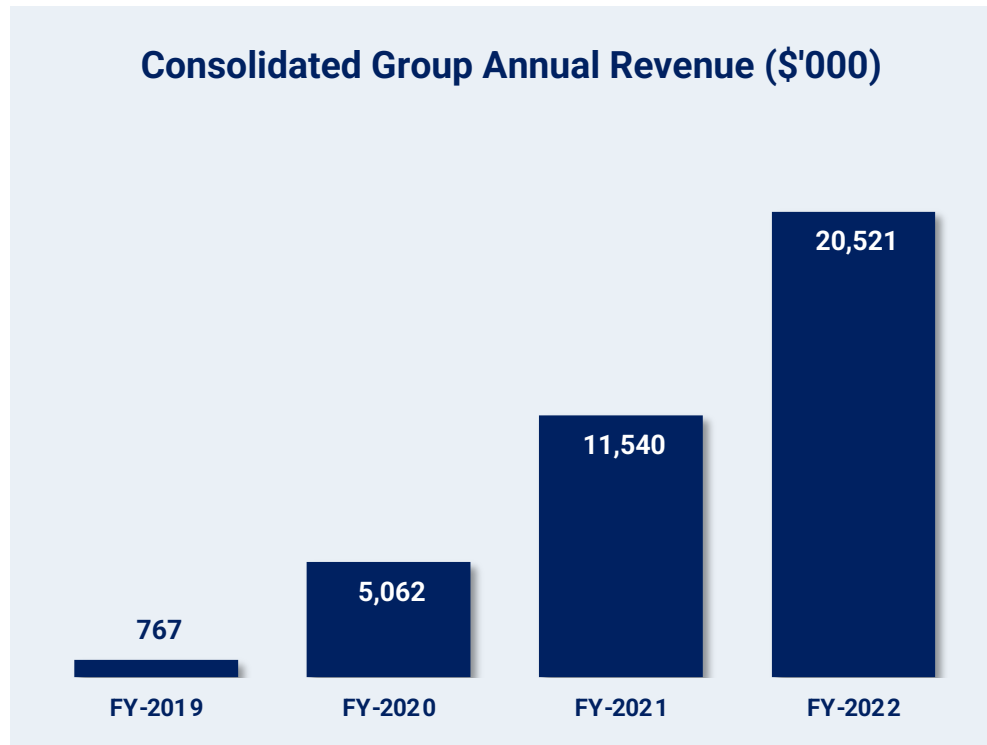
Previous investment in personnel was realized in FY22 with revenue scaling and a growth of 78% achieved via existing headcount



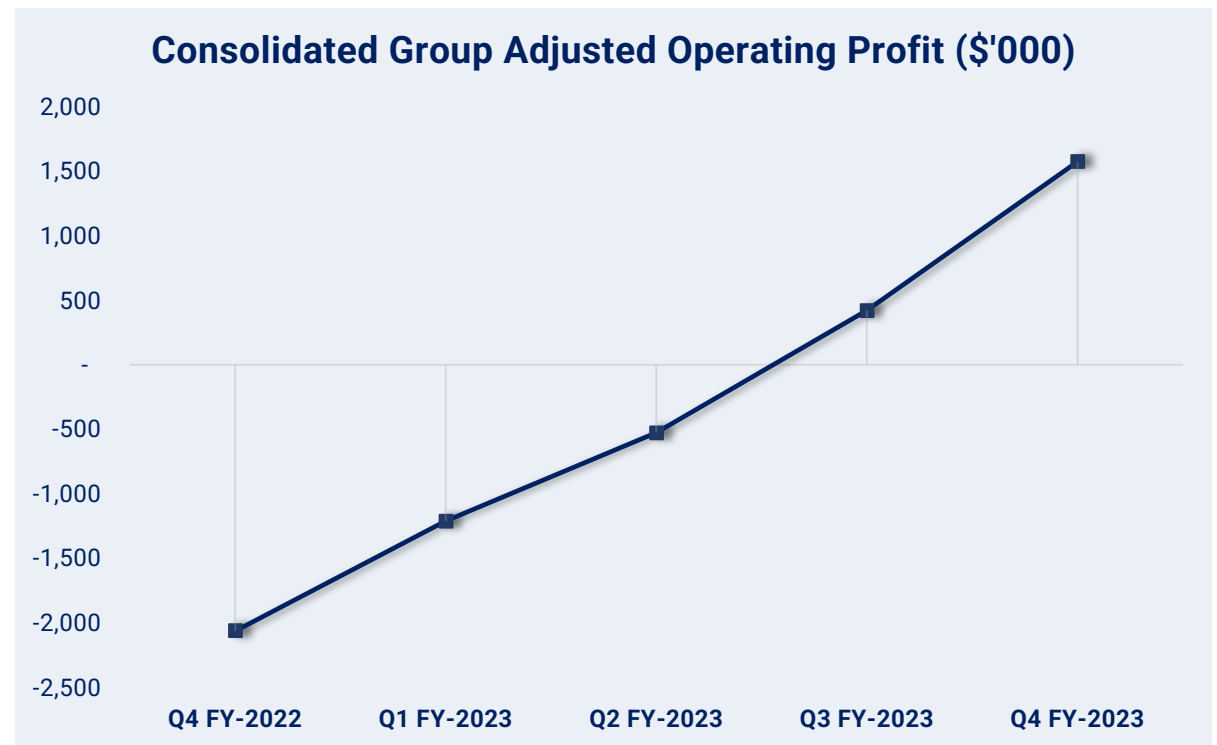
# Approaching Profitability

Based on historical growth rates and existing customer contracts AGH is expecting to achieve operating profitability in Q3 FY23

Revenue derived from group operations



Pathway to profitability



# A Global Cannabis Business

AGH offers investors unique access to international medical cannabis and recreational cannabis markets

Medical cannabis products are made available to patients via prescription



Recreational cannabis products are purchased by adult consumers in retail stores



## Creating the most respected cannabis brands

Innovation through new product development

Launching brands and products with mass appeal

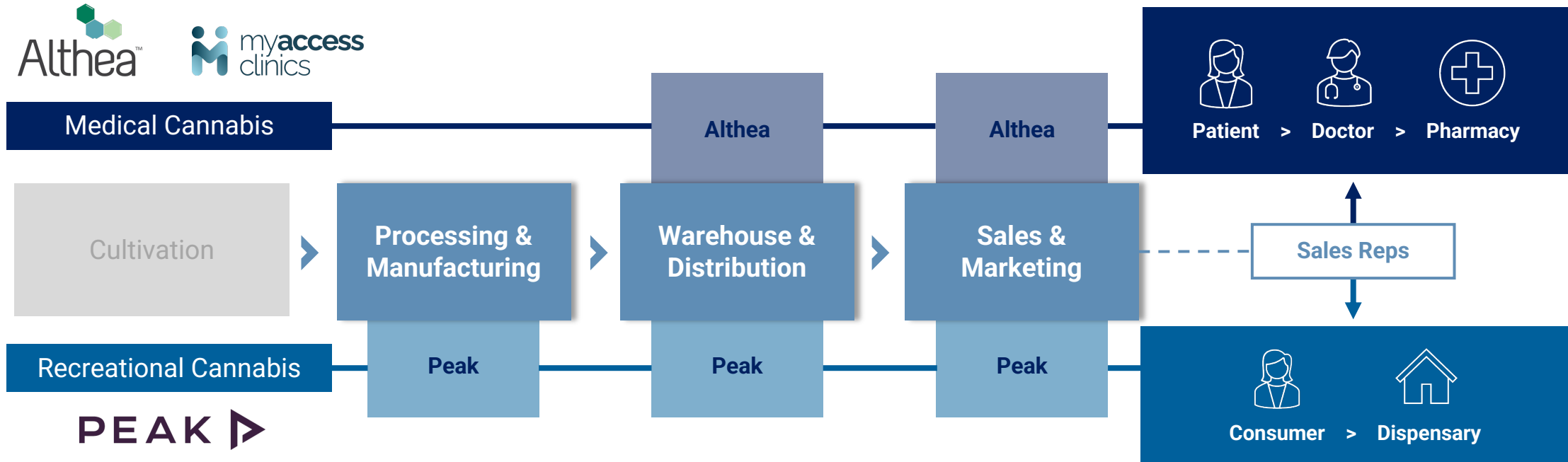
Global scale & reach

Industry leading sales & marketing teams



# The Value Chain

AGH business units operate in margin accretive segments of the cannabis supply chain



AGH is creating defensible brand equity

'Front of mind' brands drive new customers to the market

Unmatched sales capabilities via in-field representatives

Strategic partnerships with large companies such as Dr Reddy's and Boston Beer Company



# Althea Medical Cannabis Products

A true pioneer in the medical cannabis industry, Althea delivers global scale while executing locally utilising its own sales channels

## Research & Development

- Data-driven new product development activities
- Market innovator
- Unique intellectual property

## Procurement model

- Althea sources its medicines from established pharmaceutical contract manufacturing organisations
- Flexible and lean model

## Distribution

- Maximise gross profit margins by leveraging own pharmacy distribution network

## Sales & Marketing

- Industry leading medical education program with experienced pharmaceutical representatives
- Building unrivalled brand awareness with doctors





# MyAccess Clinics

Medical cannabis

Private  
medical clinic



A subsidiary of AGH, MyAccess Clinics is a UK-based private medical clinic specialising in medical cannabis, delivering predictable and recurring sales of Althea products

## Expert Doctors

- Qualified specialists, general practitioners and nurses
- Experts in cannabis-based medicines

## Virtual Consultations

- Convenient and efficient online consultations
- Efficient and economical

## Patient Care Excellence

- Patient-centric and well led private medical clinic
- Care Quality Commission accredited (UK only)

## Scalable

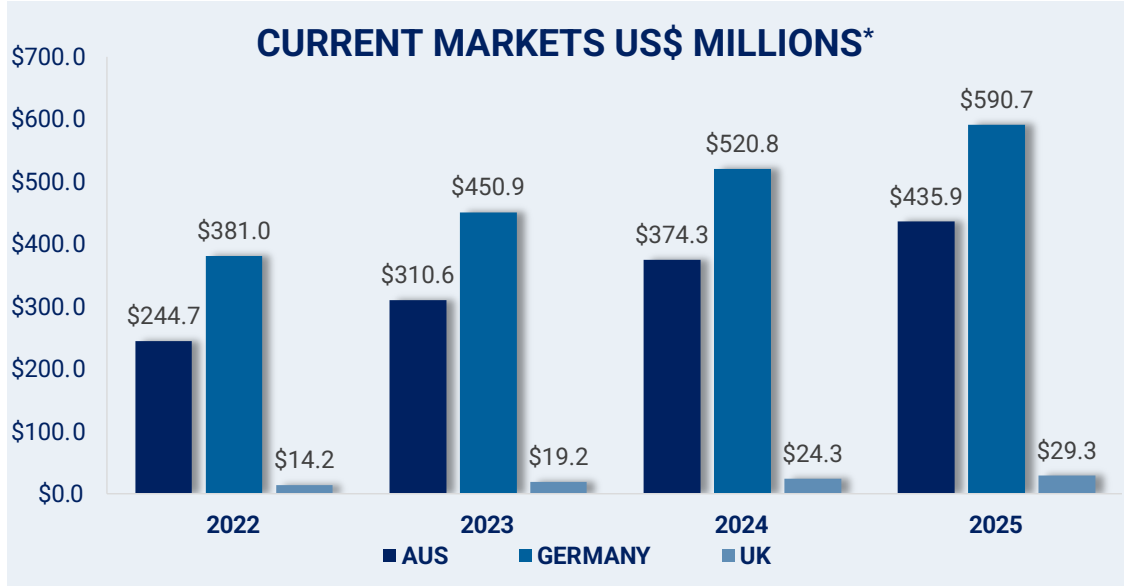
- Cloud-based systems and infrastructure
- Expandable business model



# Capitalizing on Althea's Global Footprint

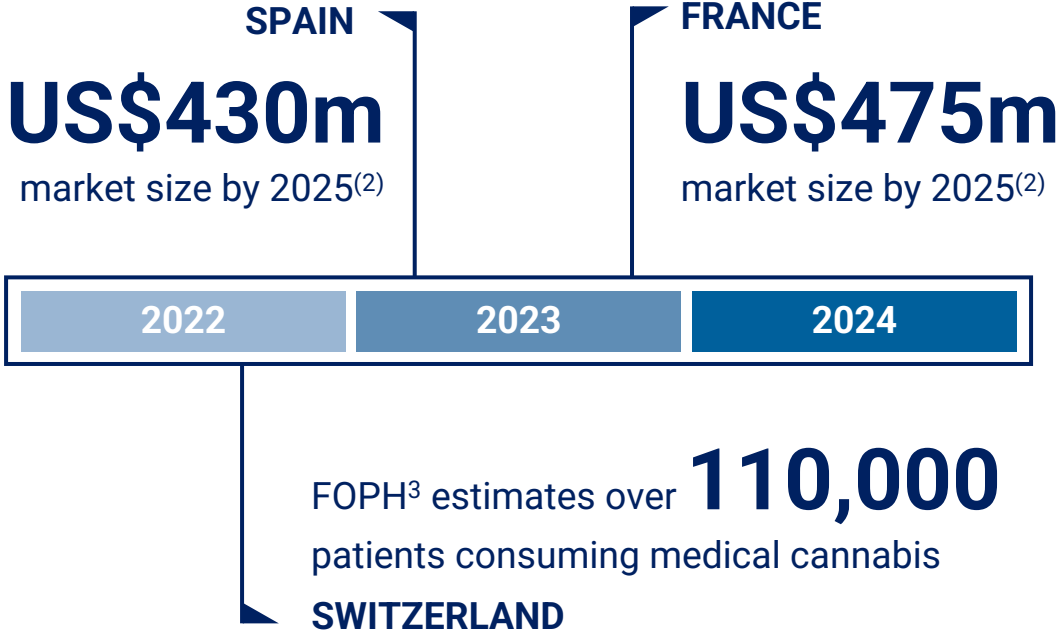
Althea is in a prime position to service existing and emerging medical cannabis markets

## Althea's existing markets



	AUS	GER	UK
<b>Average Annual Growth</b>	21.3%	15.8%	12.9%
<b>CAGR Growth</b>	21.2%	15.7%	12.8%

## Europe expansion slated for 2023<sup>1</sup>



1. Subject to regulatory approvals  
 2. BDS Analytics report: The State of Legal Cannabis Markets: Post-COVID Forecast Updates  
 3. Federal Office of Public Health (Switzerland)

\*SOURCE: Cannabis Market Sizing – Australia, Germany & United Kingdom <https://equio.newfrontierdata.com/global-dashboard> viewed 23/08/22  
 \*\*SOURCE: New Frontier Data – The Global Cannabis Report 2022



# Peak Processing Solutions

Peak is rapidly emerging as one of the leading cannabis contract development and manufacturing organisations (CDMOs) in Canada

## Brand Partners

- Quality brand houses sponsoring unique cannabis products
- Customers include Boston Beer Company, Canopy Growth Corporation, and more

## Product Development

- Innovation at the core of new product development
- Strong pipeline of new and innovative products under development, including a range of 'in-house' brands

## Mass Production

- Owned and operated 3,216 square meter state-of-the-art cannabis processing and manufacturing facility in Windsor, Ontario
- 100 cans per minute beverage production capacity

## Government Buyers

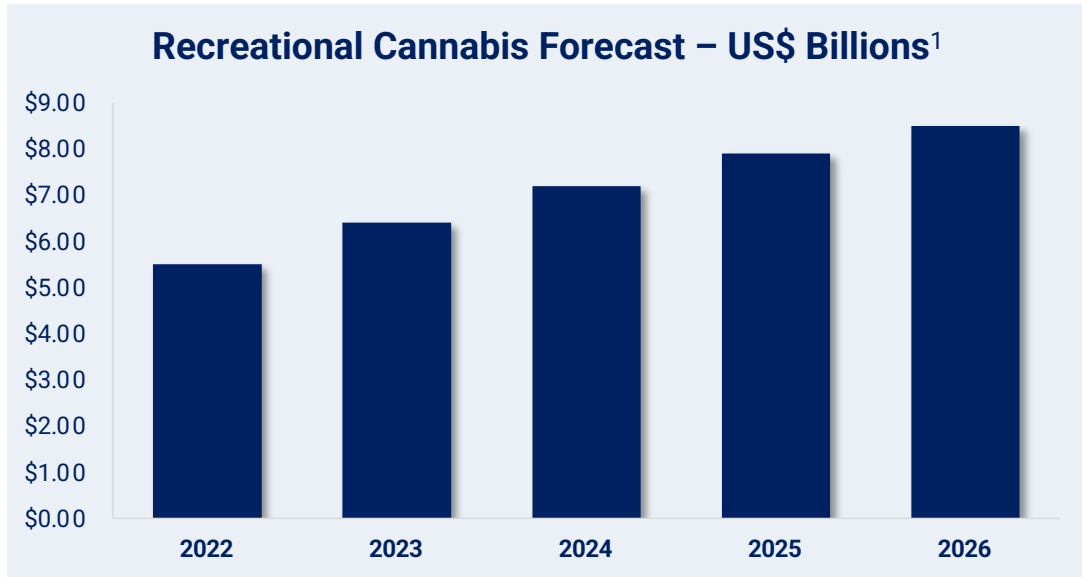
- Provincial distributors purchase cannabis products
- Sold via government owned or licenced retailers



# Recreational Cannabis Opportunities

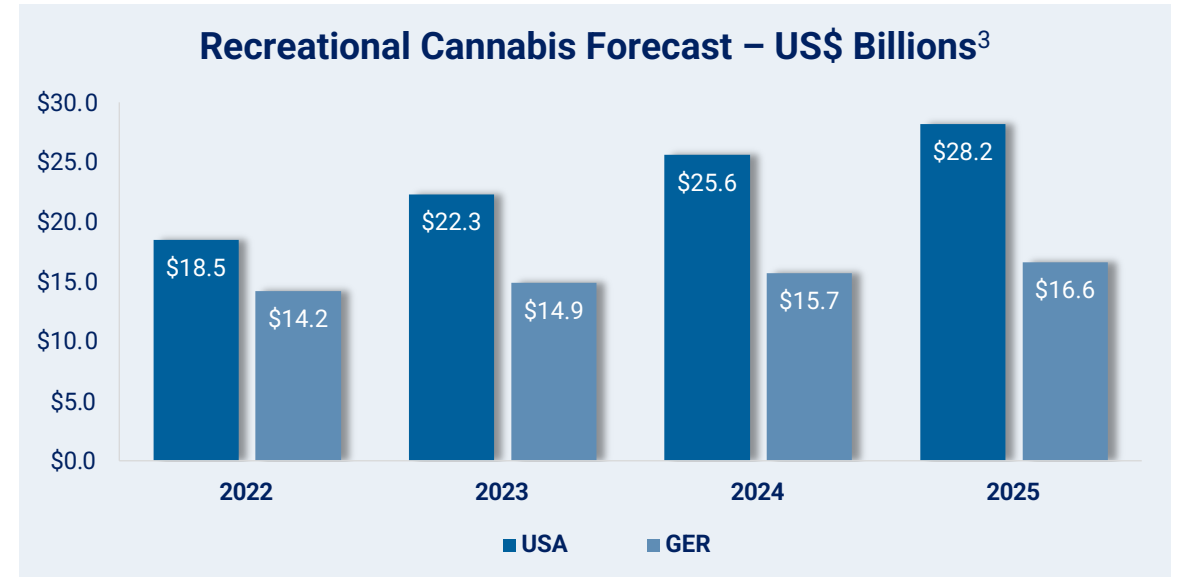
Peak's brand partners will support international opportunities for selling their products, de-risking and potentially funding international expansion

## Peak's existing market - Canada



▶ Average Annual Growth 13.8%  
▶ CAGR Growth 11.5%

## Identified markets - USA & Germany<sup>2</sup>



▶ Average Annual Growth 18.0%  
▶ CAGR Growth 15.1%

1. Cannabis Canada Weekly: Market expected to double by 2027; Pot stocks up on U.S. legalization hopes - BNN Bloomberg 2022, BNN, viewed 18 August 2022, <https://www.bnnbloomberg.ca/cannabis-canada-weekly-market-expected-to-double-by-2027-pot-stocks-up-on-u-s-legalization-hopes-1.1743189#:~:text=Brightfield%20said%20it%20expects%20Canada's,in%20edibles%20and%20vape%20products>.

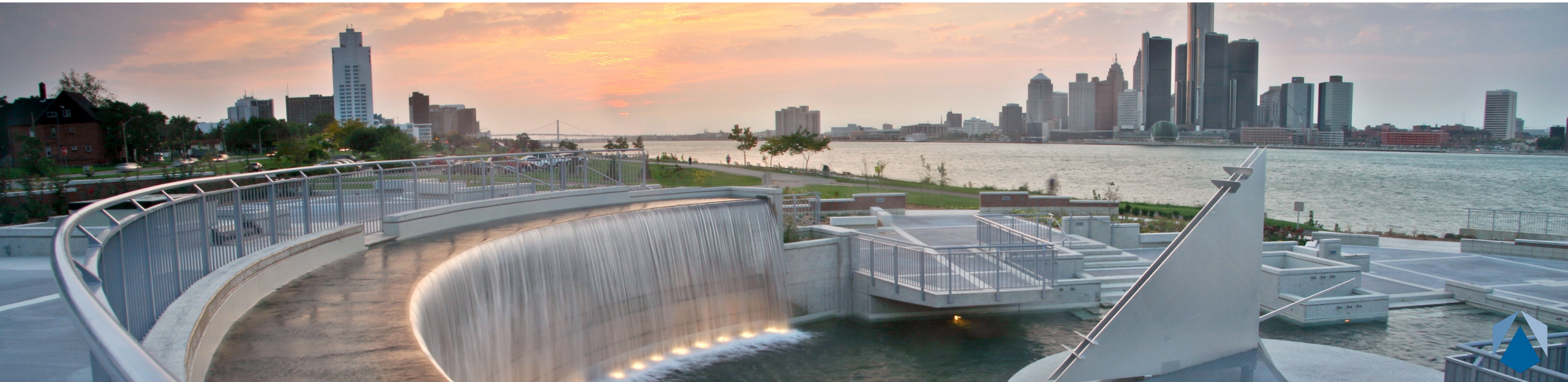
2. Subject to regulatory approvals. Germany forecasts are based on data from Germany's illicit market.

3. Cannabis Market Sizing – Germany & United States, <https://equio.newfrontierdata.com/global-dashboard> viewed 23/08/22



# Key Messages on Performance

- ▲ AGH is well positioned for the post-Covid-19 environment, having strengthened all business units and support networks for continued future growth
- ▲ Delivered significant cost base improvements
- ▲ Supply chain enhancements implemented to deliver further reduction in COGS and higher gross profit margin
- ▲ Both medical and recreational cannabis divisions continue to flourish, with growing customer bases and stable income streams
- ▲ Zero debt position
- ▲ Key strategic partnerships including with Dr Reddy's and Boston Beer Company, provide AGH with de-risked expansion opportunities



# Financial Summary – Sales by Division

Both AGH business divisions are delivering strong growth

	FY19	FY20	FY21	FY22	Change
<b>Althea</b>	769	4,926	9,470	12,177	99.48%
<b>Peak</b>			1,437	7,961	135.37%*
<b>Total</b>	<b>767</b>	<b>4,926</b>	<b>11,540</b>	<b>20,521</b>	<b>127.43%</b>

CAGR over the Period FY19 to FY22  
 \*CAGR over the Period FY21 to FY22

## Medical Cannabis

- Althea is Australia’s No. 1 selling medical cannabis oil brand with 21%<sup>1</sup> market share
- 35,000+ registered patients globally
- UK experiencing significant growth with revenue up to \$2m in FY22

## Recreational Cannabis

- 17%<sup>2</sup> market share – Beverage Segment
- Number 1 Selling beverage<sup>2</sup> – Collective Project – Blood Orange Yuzu & Vanilla



# Financial Summary – Balance Sheet

AGH remains fully funded with a strong balance sheet

Assets	30-Jun-22	30-Jun-21
Cash	\$ 6,205	\$ 6,388
Receivables	\$ 6,305	\$ 2,683
Inventory & other	\$ 5,266	\$ 5,813
Property, Plant & Equipment	\$ 14,474	\$ 14,949
Right of Use Assets	\$ 4,676	\$ 3,794
Intangibles & other	\$ 19,639	\$ 20,285
<b>Total</b>	<b>\$ 56,565</b>	<b>\$ 53,912</b>
Liabilities		
Payables	\$ 8,479	\$ 5,308
Lease & Other	\$ 5,137	\$ 4,049
Non - Current	\$ 1,499	\$ 1,859
<b>Total</b>	<b>\$ 15,115</b>	<b>\$ 11,216</b>
<b>Net Assets</b>	<b>\$ 41,450</b>	<b>\$ 42,696</b>

## Performance

- AGH has zero debt
- Net cash balance of \$6.2 million
- Management of inventory turnover whilst supporting significant growth in sales
- Strong liquidity position with current assets exceeding current liabilities by \$8 million. Demonstrates ability to remain fully funded and provides financial flexibility



# Significant Investment Opportunity with Clear Revenue Pathways

- AGH is a revenue generating, high growth business
- Equally exciting opportunity in medical cannabis and recreation cannabis markets
- Approaching profitability, fully funded
- Undervalued against ASX-listed comparators

Company	Share Price <sup>1</sup>	Market Cap	YoY % <sup>3</sup>	FY22 Revenue	FY22 EBITDA	Rev. Multiple
Creso Pharma	\$0.04	\$67,856,872	-58%	\$7,503,000	(\$18,154,000)	8.81
Cann Group	\$0.28	\$98,379,455	-2%	\$11,238,000	(\$26,606,000)	8.60
Little Green Pharma <sup>2</sup>	\$0.28	\$67,457,816	-65%	\$10,279,000	(\$20,592,000)	6.33
Cronos Australia	\$0.63	\$349,250,150	350%	\$66,991,000	\$5,880,000	5.42
Althea Group Holdings	\$0.09	\$27,306,068	-67%	\$20,521,000	(\$12,124,000)	1.33

1. Share price as at close of trade 13 September 2022  
 2. Revenue and EBITDA for the 9 month period ending 31 March 2022  
 3. For the one year period to 13 September 2022





# Corporate Overview

## Key Market Statistics:

Key Market Statistics	Althea Group Holdings ASX:AGH
ASX code	AGH
Listing price (Date of listing)	\$0.20
Share price (13 September 2022)	\$0.085
Market capitalisation	\$27,306,068
Shares on issue	321,247,858
GISC clarification	Pharmaceutical, Biotechnology & Life Sciences

## Top 10 Shareholders

Name	Numbers held	% total of shares issued
Joshua Michael Fegan	56,250,000	17.80
HSBC Custody Nominees (Australia) Limited	20,112,800	6.36
National Nominees Limited	12,290,291	3.89
CS Third Nominees Pty Limited (HSBC CUST NOM AU LTD 13 A/C)	12,167,761	3.85
Mancann Pty Ltd	10,000,000	3.16
Citicorp Nominees Pty Limited	9,420,870	2.98
Hootch Pty Ltd	7,500,000	2.37
UBS Nominees Pty Ltd	5,638,323	1.78
Oh-Rule Pty Ltd (The Rule Family A/C)	3,398,165	1.08
Jamplat Pty Ltd	3,150,000	1.00



# Board of Directors



**Andrew Newbold | Chairman & Independent Non-Executive Director**

- Extensive experience as director of numerous private companies and not-for-profit organisations
- 20 years' experience as a commercial lawyer and has played an integral role in the development of various businesses.



**Joshua Fegan | Chief Executive Officer & Founder**

- Founder of Althea Group with extensive experience in business building, sales and marketing
- Proven business and strategy skills and previously held numerous senior management roles at national value-based retailer, Strathfield Group



**Penny Dobson | Independent Non-Executive Director**

- Accomplished business executive in healthcare industry and trained pharmacist in New Zealand, three decades at global pharma Merck & Co, in a variety of commercial roles
- Currently Deputy Chair of the Australian Nuclear Science and Technology Organisation Board, and a non-executive director at Invetus Pty Ltd



**Alan Boyd | Independent Non-Executive Director**

- Former Chief Financial Officer and Company Secretary of Ridley Corporation, an ASX-listed provider of high-performance animal nutrition solutions
- Alan has occupied the same position with listed biotechnology companies Avexa Limited and Zenyth Therapeutics Limited



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