



ASX Announcement | 6 April 2020
Althea Group Holdings (ASX:AGH)

Final evidence package submitted to Health Canada for Standard Processing Licence

Investment Highlights:

- Althea's wholly owned subsidiary, Peak Processing Solutions, has formally submitted its evidence package to Health Canada, the final step in the application process for its Standard Processing Licence
- Licence will allow operations to commence out of the recently completed 40,000 sq. ft. facility, one of the first large-scale independent processing facilities specialising in the manufacturing of Cannabis 2.0 products, including cannabis-infused beverages, edibles, concentrates and topicals
- The facility will also produce a full range of medicinal cannabis products for Althea, reducing its cost of goods sold
- Peak Processing Solutions projected to achieve revenue of \$25 million within 18 months of being granted its Health Canada licence
- Althea's capital expenditure for the facility is now complete and the Company maintains a strong balance sheet with approximately \$15 million cash on hand and zero debt

6 April 2020: **Australian pharmaceutical company Althea Group Holdings Limited (ASX:AGH) ('Althea' or 'the Company')** is pleased to announce that its wholly owned subsidiary, Canadian-based Peak Processing Solutions ('Peak'), has formally submitted its evidence package to Health Canada, the final step in the application process for its Standard Processing Licence.

Health Canada evidence package

The evidence package submitted to Health Canada consists of a full video tour of every room within the new facility, including manufacturing areas, packaging lines, receiving and shipping warehouses, extraction rooms, analytics lab, utility rooms and offices. Health Canada's non-binding service standard for processing this final step of the license application under the Cannabis Act is set at 60 days.

One of the industry's first large-scale independent processing facilities

The custom 40,000 square foot facility in Tecumseh, Ontario, is one of the first large-scale independent processing facilities of its kind, specialising in the manufacturing and distribution of cannabis-infused beverages, edibles, concentrates and topicals ('Cannabis 2.0 products').

Most existing cannabis facilities in Canada were designed and built specifically to produce cannabis dried flower products and basic cannabis extracts, such as bottled cannabis oils. Cannabis 2.0 products, which yield a substantial price premium in the adult-use market compared to dried flower and cannabis oils, were only regulated for sale as of January 2020 and with most licenced producers in Canada unable to manufacture such products – the Company believes that the market is very much underserved.

The Peak facility is also able to produce pharmaceutical-grade, final dose form, medicinal cannabis products.

Image: Peak facility - Canned beverage manufacturing room



Peak's unique value proposition

Leveraging the facility's imminent Health Canada license, Peak will offer a unique opportunity for Canadian consumer-packaged goods companies, and other non-licensed entities, including beverage and alcohol companies, to compete and launch products into the Canadian adult-use cannabis market.

The Canadian business will also provide customers with a range of professional services in conjunction with manufacturing, such as research and development, product formulation, regulatory affairs, warehousing and distribution.

The facility's manufacturing capabilities and production capacity include:

PRODUCT CATEGORY	PRODUCT TYPES	ANNUAL CAPACITY
Canned Beverages	Carbonated & non-carbonated	20,000,000 cans
Topicals	Balms, creams and lotions	1,200,000 units
Powders	Powdered drink mixes	5,000,000 units
Concentrates	Dabs, shatters and waxes	300,000 grams
Vaporizers	Filling of cartridges and disposables	3,000,000 units
Medicinal Products	Cannabis oil bottles, hard capsules, soft capsules and oromucosal sprays	3,000,000 units

Peak President and Founder Gregg Battersby said: "Submission of the evidence package to Health Canada is an exciting milestone for Peak following completion of the construction of our world-class facility. I am confident that the combination of Peak's highly capable leadership team, unique production capabilities and



focus on quality, will position us as the leading supplier to the rapidly growing Cannabis 2.0 market in Canada. Based on internal forecasting and modelling, we have projected to achieve revenue of \$25 million within 18 months of being granted our licence from Health Canada.”

Upon licensure from Health Canada, Peak can immediately start servicing its waiting list of potential clients.

Althea CEO Joshua Fegan said: “This is a huge development for Althea, probably the most recognised medicinal cannabis brand in the world, outside of North America. Peak is the first production facility in the AGH group of companies and can supply a full range of final dose form medicinal cannabis products to Althea, which mitigates our reliance on third party manufacturers and reduces our cost of goods (sold) dramatically. Our Canadian team also have some exciting product technologies, especially around product administration and the onset/offset of active ingredients, which Althea can leverage. Product supply from our Canadian facility will commence as soon as practical.”

The Peak capital expenditure program is complete, and the Company maintains a strong balance sheet with approximately \$15 million cash on hand and zero debt.

-ENDS-

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Althea Group Holdings Limited (ASX:AGH)

Althea is an Australian licensed producer, supplier and exporter of pharmaceutical grade medicinal cannabis and is listed publicly on the Australian Securities Exchange (ASX:AGH). Althea also offers a range of products, education, access and management services to support eligible patients and healthcare professionals in navigating medicinal cannabis treatment pathways.

Althea currently operates within highly regulated medicinal cannabis markets including Australia and the United Kingdom, with plans to expand into Germany, emerging markets throughout Asia and other parts of Europe.

To learn more, please visit: www.althea.life