



ASX Announcement | 23 August 2021  
Althea Group Holdings (ASX:AGH)

## Peak signs manufacturing agreement with Canopy Growth subsidiary; AGH provides trading update

### Highlights:

- AGH's Canadian subsidiary Peak Processing Solutions has executed a manufacturing agreement with Supreme Cannabis Ltd, a subsidiary of Canopy Growth Corporation
- Minimum order quantities over the initial one-year term are valued at approximately CAD\$600,000
- Since commencing operations in September 2020, Peak is now manufacturing 27 product lines for 12 customers, including six North American publicly listed companies, as well as 3 proprietary SKUs
- Peak generated \$1.52m of revenue in FY21 and is forecasting to produce revenue in excess of \$15m in FY22. Additionally, Peak continues to work through a significant pipeline of new potential customers
- AGH's pharmaceutical cannabis business in Australia and the UK achieved revenue of \$10.02m in FY21, up from \$5.05m in FY20, and now has 20,322 registered patients, with the potential to grow materially faster in FY22

23 August 2021: **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 announce that the Company's Canadian subsidiary, Peak Processing Solutions (**'Peak'**), has signed a manufacturing agreement with Supreme Cannabis Ltd. ('Supreme'), a wholly-owned subsidiary of Canopy Growth Corporation (TSX: WEED, NASDAQ: CGC).

Under the agreement, Peak will perform hydrocarbon extraction services to create various concentrate products for Supreme utilising their cannabis inputs. The agreement with Peak will provide Supreme with additional manufacturing capabilities to support their continued growth.

The agreement includes minimum order quantities of approximately CAD\$600,000 in the initial one-year term. The agreement has an initial term of one year and two renewal options of one year each.

**Althea Group Holdings CEO, Joshua Fegan said:** "It's pleasing to see Peak sign yet another substantial manufacturing agreement with such a strong and recognised licensed producer in the Canadian recreational cannabis market. This really highlights the capabilities of the Peak business and further exemplifies the confidence that premium brands are placing in the team at Peak."

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### Peak trading update

AGH would like to take this opportunity to provide a trading update for the Company's Canadian recreational cannabis operations.

AGH entered the Canadian recreational cannabis market through the acquisition of specialist cannabis extraction and contract manufacturing business, Peak Processing Solutions, in October 2019.

After several months of completing commissioning and licensing requirements, Peak commenced manufacturing products for customers in late 2020. Under the leadership of a highly experienced team led by President, Gregg Battersby, Peak is now manufacturing 27 product lines for 12 customers, including six North American publicly listed companies, as well as 3 proprietary SKUs.

Canopy Growth Corporation, the world's largest cannabis company by market capitalisation (USD\$7.1b), joins a growing list of Peak customers, which also includes Cronos, 48North (Hexo), WeedMD, Tinleys, Collective Arts, EKS and more. In addition to existing customers, Peak has a very active pipeline and anticipates adding several more new high-quality customers prior to the end of 2021.

Peak generated revenue of \$1.52m in FY21 with volumes increasing monthly, finishing the financial year with a record \$615,000 of sales in June 2021. Based on existing customers and forecasted production volumes, Peak anticipates it will produce in excess of \$15m of revenue in FY22. This revenue forecast represents approximately 14% utilisation of Peaks annual capacity, meaning the business has a significant runway to capitalise on the strong momentum and accommodate further growth.

### Althea trading update

Althea's pharmaceutical cannabis operations across Australia and the United Kingdom have grown substantially in the last year, achieving revenue of \$10.02m in FY21, up from \$5.05m in FY20. Althea now has 20,322 registered patients, with the potential to grow revenue materially faster in FY22.

Althea's UK operations netted \$1.1m in medicinal cannabis sales in FY21 and with the Company recently expanding into Germany, Althea expects to deliver further growth from its European operations in FY22. The population of the UK and Germany is approximately 68 million and 83 million people respectively, substantially larger than Australia.

**Althea Group Holdings CEO, Joshua Fegan said:** "This is a determining year for AGH and while we anticipate exciting growth from our recreational cannabis business Peak, we also continue to see record sales from Althea. Revenue from the sale of cannabis-based medicines has the potential to grow materially faster this year, particularly in Europe, where we see similar patterns to the Australian market in the early days."

-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, please visit: [www.althea.life](http://www.althea.life)

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

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