



2021 Annual General Meeting – CEO Address Althea Group Holdings (ASX:AGH)

Althea Group Holdings Limited (ASX:AGH) ('AGH', or 'the Company'), is pleased to provide the address to be delivered by Althea Group Holdings Limited CEO, Joshua Fegan, at the Company's 2021 Annual General Meeting to be held 15 December 2021.

INTRODUCTION

On behalf of Althea Group Holdings, I would like to extend a warm welcome to those in attendance at our 4th Annual General Meeting.

Financial Year 2021 has been a year of record growth for AGH. Across all divisions of the business we have reached key milestones and achievements as the company continues to strengthen its presence in all major markets around the globe.

Since being established in 2017, Althea has continued to establish itself as a leader in the cannabis industry both locally in Australia and now in several key markets across the globe. While initially focussing on establishing itself as a major player in the medicinal cannabis industry, the Company has successfully diversified its business operations with the acquisition of Peak Processing Solutions in 2019, and now the Group has a strong presence in the North American recreational cannabis market. This dual approach is a unique model for AGH and will position the Company for strong future growth.

During the 2021 Financial Year, AGH continued to deliver strong results despite the ongoing challenges from COVID-19 lockdowns and restrictions, with the Company achieving key milestones across all jurisdictions.

Pharmaceutical Division

AUSTRALIA REVENUE CLIMBS 41%

Althea's continued strong growth in Australia is underpinned by our two-pronged strategy comprised of our in-field sales team and Althea Concierge™, our Software as a Medical Device included on the Australian Register of Therapeutic Goods, which greatly streamlines the medicinal cannabis prescription process for Healthcare Professionals (HCPs).

We ended FY21 with 17,327 patients in Australia, an increase of 138% on the 7,295 recorded at 30 June 2020.

The number of HCPs prescribing our medicinal cannabis products also increased, rising to 1,045 from 590, at the end of FY20.

Revenue from our Australian operations also increased, rising to \$8.4m in FY21 from \$4.9m in FY20.

The prementioned growth was achieved despite the ongoing disruptions to our business caused by the pandemic, as we were able to adjust to the 'new normal' quickly, with many of the interactions between our in-field representatives and HCPs being conducted virtually.

We also saw this as an opportunity to implement further enhancements to Althea Concierge™,



upgrading it to incorporate functionality that enabled online (contactless) prescription fulfillment. Our product home delivery feature was well received by patients and HCPs alike, helping us to navigate the obstacles created by COVID-19.

FY21 also saw us innovate with regard to our product line up in Australia, with the launch of a new range of 'flexible' 20ml full-spectrum cannabis oil products. This smaller unit size provides inexperienced medicinal cannabis patients with the ability to trial our medication over the recommended trial period. Following this, and in conjunction with their HCPs, patients can determine if treatment with medicinal cannabis is right for them. We have already seen positive results from this initiative, with trial patients transitioning to the more economical larger sized Althea products.

UNITED KINGDOM

Following the lifting of national lockdowns in April 2021, our UK business has experienced a strong rebound, with sales of \$1.6m in FY21, up from \$74k in FY20.

As with Australia, our success in the UK is driven by our in-field sales team's ability to educate and onboard additional prescribing specialists as well as the Althea Concierge™ platform's role in facilitating the prescription process.

Complementing this, our wholly-owned UK subsidiary MyAccess Clinics also continued to gain momentum during FY21, ending the period with more than 560 patients in treatment.

INTERNATIONAL EXPANSION PLAN ON TRACK

During FY21, we also made significant progress with regard to our international expansion strategy, which has seen us enter Germany and South Africa, with additional countries and regions planned for the years ahead.

GERMANY

The first country we have targeted in the EU is Germany, which has a large and well-regulated cannabis market that is expected to grow to approximately A\$12.2bn by 2028.¹

In November 2020, we obtained all necessary licences from the German health regulator for the sale and distribution of our products in Germany. Soon after this, our first shipment of products was sent to our German partner, Nimbus Health GmbH (Nimbus).

Nimbus is a leading German pharmaceutical wholesaler specialising in medicinal cannabis with a large network of partnering pharmacies. Together with Nimbus, we are building upon their existing sales channels to grow the Althea brand so that it can be a leading player in what is already Europe's largest medicinal cannabis market.

Although our plan to launch an in-field sales team in Germany was slowed by COVID-19, it was able to commence in May, and patient prescriptions are now showing strong growth. Backed by this team and a localised version of Althea Concierge™, we are forming an aggressive market access strategy to help us generate significant sales in Germany.

¹ Prohibition Partners, The Germany Cannabis Report.



FRANCE

Late in FY21, we began preparations for our entry into our next European target market, France. The market opportunity there is comparable to Germany as it is estimated to be worth around €9.5bn by 2028.²

Despite historically having some of the strictest cannabis policies in the region, France has now commenced a pilot scheme to evaluate the feasibility of making medicinal cannabis available.

Althea is very excited to have been selected to supply the French National Agency for Medicines and Health Products Safety with second-source medicinal cannabis products for the scheme. Along with our French partner in the pilot scheme, Laboratoires Bourchara-Recordati, we are considering additional commercial opportunities that we may pursue together.

SOUTH AFRICA

FY21 also saw us turn our attention to the South African market which represents a sizable opportunity for the company and is expected to be worth about US\$667m by 2023.³

Building on an agreement signed in December 2020, we sent our first shipment of Althea products to our African partner, Africann, in June 2021.

We intend to use a similar education-based approach in South Africa, leveraging a well-trained sales team and technology to improve access to our products there. With operations now on four continents, we are building Althea into a global brand trusted by people worldwide.

RECREATIONAL CANNABIS DIVISION DRIVING ALTHEA'S GROWTH

FY21 success was strongly underpinned by the progress of our Canadian-based subsidiary, Peak Processing Solutions (Peak). The Peak name grew in size and influence, establishing itself as one of North America's leading contract manufacturers of recreational cannabis products.

In September 2020, Peak obtained its Standard Processing Licence from Health Canada, which allowed Peak's state-of-the-art facility to officially start producing and selling legal cannabis products destined for the Canadian recreational cannabis market.

These cannabis derivative products, which include cannabis-infused beverages, concentrates, topicals and powders, are the next major trend taking place in the global cannabis industry.

Since obtaining the licence, Peak has already executed a number of orders and agreements in the burgeoning legal cannabis market. Some of these agreements are significant cannabis brands including: The Tinley Beverage Company, WeedMD, Cronos and Collective Project.

Although our business in Canada was similarly impacted by COVID-19 restrictions, we started to see an uptick in business during the June quarter as the onset of the Canadian summer approached, accompanied by progress in the country's vaccination programme.

We remain extremely bullish on Peak's business and are pleased to see that it is continuing to attract

² Prohibition Partners, The European Cannabis Report Edition 4, January 2019 at 65.

³ Source: Prohibition Partners, The African Cannabis Report, 2019, at 42.



interest from major consumer packaged goods companies in North America looking to diversify their businesses into the legal cannabis market.

FY22 AND BEYOND

AGH continued to enjoy strong growth in FY21 and is building momentum for the years ahead.

We are global leaders in the medicinal cannabis space and will continue to be so due to a combination of our high-quality products, education-based approach, Althea Concierge™ platform, and rapid global expansion.

For our European expansion, we plan to scale up our UK operations in FY22, increasing the in-field sales team and engaging with more HCPs.

Meanwhile, in Germany, our in-field sales team continues to increase interactions with HCPs, so that we can follow our tried and trusted strategy of taking an education-based approach to increasing the number of HCPs prescribing our products.

For France, and other European countries, we will steadily build on our position as a medicinal cannabis leader, expanding Althea Concierge™ into key markets, upsizing our in-field sales teams, and developing new products.

On the recreational side of the business, Peak is attracting growing interest and we are excited that we will be able to continue to work with big brands to bring their products to market in Canada. We also continue to monitor nearby jurisdictions for developments such as the US and Mexico will follow.

In summary, we are very excited about the future of Althea Group Holdings. I would like to thank shareholders, the Board of Directors, all staff across the wider AGH organisation, and our global network of Healthcare Professionals, for their continuing support.

-ENDS-

Authorised by: Robert Meissner, Company Secretary

For further information, please contact:

Althea

Josh Fegan
CEO & Managing Director
M: 1300 70 20 20
E: contact@althea.life

Media Enquiries

Dan Francome
Media Relations
P: +613 9650 5096
E: dfrancome@althea.life

Investor Relations

Madeline Howson
Client Services
P: +61 434 073 160
E: madeline.howson@advisir.com.au

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

Althea Group Holdings Limited | ABN 78 626 966 943

A. Level 37, 360 Elizabeth Street, Melbourne, 3000, Victoria, Australia

E. info@althea.life

P. 1300 70 20 20

W. althea.life



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

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

Althea Group Holdings Limited | ABN 78 626 966 943

A. Level 37, 360 Elizabeth Street, Melbourne, 3000, Victoria, Australia

E. info@althea.life

P. 1300 70 20 20

W. althea.life