

ASX Announcement | 15 September 2022
Althea Group Holdings (ASX:AGH)

Althea launches next generation products

Althea CBD25 soft gel capsules provide a convenient and patient friendly preparation

Althea THC25 is one of the highest-concentrated THC dried flower products available

Highlights:

- Althea CBD25 is the first Althea product to be offered in the patient-friendly soft gel capsule preparation
- Althea expects that its innovative soft gel capsules will substantially increase new patient uptake by providing a gold-standard pharmaceutical preparation
- Althea CBD25 soft gel capsules are a candidate to be supplied under the TGA's Schedule 3 (Pharmacist Only Medicine) entry for eligible CBD products
- Althea will also launch Althea THC25 to attack the fast-growing cannabis dried flower market
- Althea THC25 is a new and exclusive ultra-high THC dried flower product

15 September 2022: **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 its medical cannabis business Althea, has launched two innovative new products to meet patient needs.

What is Althea CBD25?

Commencing with Althea CBD25, Althea has released an exclusive range of soft gelatine capsules ('soft gel capsules') containing Althea's trusted full-spectrum cannabis extract, manufactured to EU-GMP standard.

Each capsule of Althea CBD25 contains 25mg of cannabidiol (CBD), and less than 0.25mg of delta-9-tetrahydrocannabinol (THC) per capsule. As a full-spectrum product, Althea CBD25 also contains terpenes, flavonoids and other phytochemicals. Phytochemicals including cannabinoids and terpenes may have synergistic effects,¹ a hypothesis often referred to as the 'entourage effect'.²

Althea's unique range of soft gel capsules are administered orally, offering a gradual onset and extended duration of effect, compared to the rapid onset and shorter duration of effect for products requiring inhalation (i.e. dried flower products). In vitro studies have demonstrated effective disintegration of Althea soft gel capsules in less than 10 minutes³ and there is no significant difference in pharmacokinetic properties expected for patients converting to soft gel capsules from Althea's first generation (or other suppliers') bottled oil products.

¹ Nuutinen, T., 2018. Medicinal properties of terpenes found in cannabis sativa and humulus lupulus. Eur J Med Chem 157, 198-228.

² Russo, E.B., 2019. The Case for the Entourage Effect and Conventional Breeding of Clinical Cannabis: No "Strain", No Gain. Front Plant Sci 9, 1969.

³ Althea data on file



Why launch Althea CBD25 soft gel capsules?

Solid oral dosage formats are the gold-standard pharmaceutical preparation globally and are widely recognised for maximising patient acceptability and compliance. A consumer preference survey of soft gel capsules versus conventional solid oral dosage forms identified soft gel capsules as the first choice of delivery format.⁴

First generation bottled cannabis oils remain a challenge for patients with visual or dexterity impairments, taste intolerances and for patients residing in aged care facilities and hospitals (where medicines are allocated and dispensed). Althea soft gel capsules provide familiarity, convenience and confidence for doctors and patients, delivering precise and standardised dosing of the medicine.

The release of soft gel capsules will continue to position Althea as a leader and innovator in the global medical cannabis industry.

Schedule 3 Pharmacist only medicine (Australia)

Subject to required regulatory approvals, Althea CBD25 soft gel capsules are a candidate to be supplied under the Therapeutic Goods Administration's (TGA) Schedule 3 (Pharmacist Only Medicine) entry for eligible CBD products. This new, non-prescription cannabis channel could allow Australian patients to purchase Althea CBD25 over the counter upon consultation with a pharmacist, without the need for a prescription.

What is Althea THC25 dried flower?

Althea THC25 is a new and exclusive ultra-high THC cannabis dried flower product, containing 25% THC and less than 1% of CBD. Greenhouse grown in Canada and produced to meet the stringent standards of a pharmaceutical preparation for inhalation, Althea THC25 also retains a rich terpene and flavonoid profile.

Althea THC25 is Althea's highest-concentrated THC dried flower product and will be available across all its 'core' international medical cannabis markets (including Germany, UK and Australia).

Why launch Althea THC25 dried flower?

Althea has until now focussed primarily on cannabis extracts, however, with a growing number of consumers accessing cannabis dried flower products via the medical framework, Althea THC25 has been introduced to capitalize on this sizeable market opportunity.

Market data indicates that dried flower cannabis is the fastest growing product category in Australia and now accounts for 50.6% of the total market (+450% annual growth).⁵ The dried flower market is primarily driven by highly concentrated THC products, representing just over half of the total dried flower category.⁶

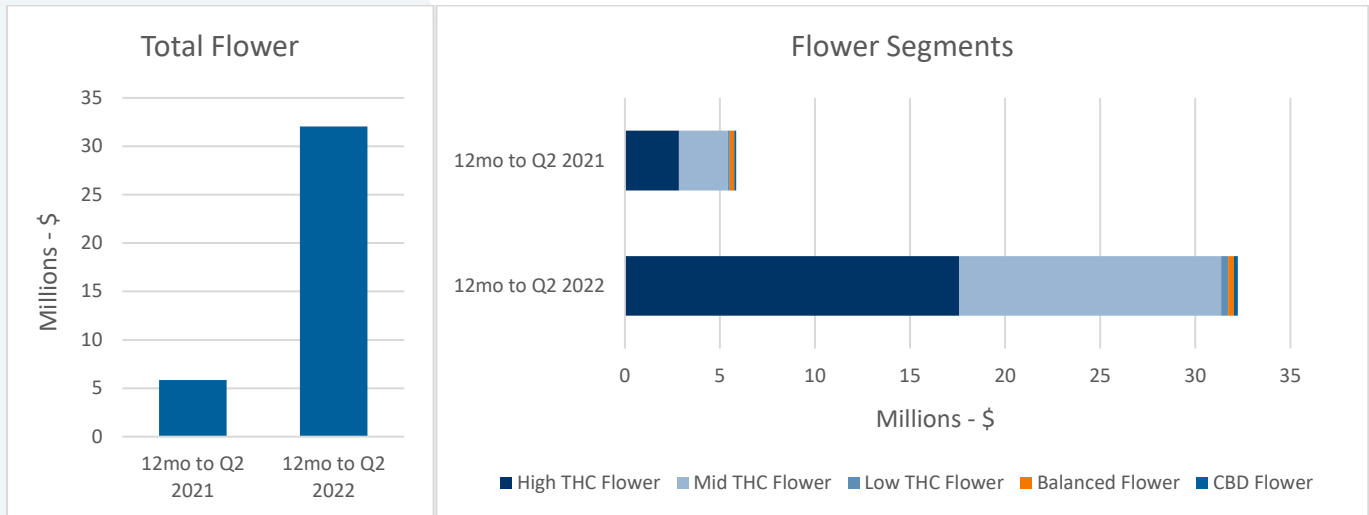
⁴ W. J. Jones III, J. J. Francis. Softgels: Consumer perceptions and market impact relative to other oral dosage forms. *Adv Ther.* 2000;17:213-221.

⁵ NostraData rolling year ending Q2, 2022 vs previous rolling year

⁶ NostraData rolling year ending Q2, 2022 vs previous rolling year



Chart 1: Cannabis Dried Flower Products in Australia



Althea THC25, the first of three new planned dried flower offerings, will be launched globally and supported by Althea’s infield sales team, which will focus on educating the 1,400+ registered prescribers in the Althea network.

AGH CEO and Managing Director, Joshua Fegan said: “The development and release of our new soft gel capsule range confirms Althea’s position as a market leader and product innovator in the global medical cannabis industry. Launching at a very competitive price point globally, we believe Althea’s soft gel capsules will create incremental sales opportunities for the business, with market research clearly identifying this preparation as the most desirable choice of delivery format. We are equally excited about expanding our dried flower range. The growth of the flower segment in Australia has been significant over the previous 12 months and as the undisputed market leader in cannabis extracts,⁷ it is strategically important for Althea to have strong market share in the flower category as well. Althea’s brand awareness and reputation with doctors is second to none, and we expect that to translate into significant market share in the flower category within a short amount of time.”

-ENDS-

Authorised by: Robert Meissner, Company Secretary

⁷ NostraData Q2 2022 Number 1 \$ value sales

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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

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

For more information on Althea, please visit: www.althea.life

