

2022 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 following address to be delivered by Althea Group Holdings Limited CEO, Joshua Fegan, at the Company's 2022 Annual General Meeting to be held on 29 November 2022.

INTRODUCTION

On behalf of Althea Group Holdings, I would like to extend a warm welcome to those in attendance at the Company's Annual General Meeting.

Financial Year 2022 has been a year of consolidation and growth for AGH as we solidified our leadership position in both pharmaceutical (medical cannabis) and recreational cannabis divisions, with the Company well positioned to achieve its goal of reaching cash flow break even and operating profitability in Q3 FY23.

The international opportunity that is the cannabis industry is very much alive and well, with AGH positioned to fully capitalise on current emerging market opportunities across Europe, including the imminent legalisation of recreational cannabis in Germany and medical cannabis in Spain.

PHARMACEUTICAL DIVISION - ALTHEA

Althea has the scale and footprint to become the leading brand of cannabis-based medicines globally.

With strict cost controls in place, industry leading buying power and a consistent and sustainable supply chain, Althea is in the enviable position of operating a business which is seeing sales increase whilst its cost of goods sold (COGS) steadily decrease. Additionally, Althea products are sold to patients on an excluding GST (or equivalent) basis and are less prone to inflationary pressure.

AUSTRALIA

Revenue from our Australian operations increased by 21% in FY22, rising to \$10.1 million from \$8.4 million in FY21.

The strong revenue result was achieved on the back of 102% growth in the number of patients purchasing Althea products in Australia, up from the 17,327 recorded at the end of FY21. An increase of 34% was recorded in FY22 for the number of Healthcare Professionals (HCPs) prescribing Althea medical cannabis products in Australia, building on the 1,045 HCPs recorded in FY21.

Althea is Australia's No. 1 selling brand of medical cannabis oil with 21% market share.

UNITED KINGDOM

Althea's operations in the United Kingdom continue to grow steadily with FY22 revenue of \$2.1 million, an increase of 87% from the \$1.1 million recorded in FY21.

The Company's wholly-owned subsidiary, MyAccess Clinics, contributed well to the UK revenue position, with 999 patients in treatment at the end of June 2022, an increase of 77% from the 560 patients in treatment at the end of FY21.



GERMANY

The Company has seen consistent revenue growth in our German operations since the first product shipment arrived in Germany in mid-2021, resulting in revenue of \$52,000 for FY22.

On 7 February 2022, AGH announced that Dr. Reddy's Laboratories Ltd had entered into a definitive agreement to acquire our German partner, Nimbus Health GmbH. We believe that this now completed transaction will help to accelerate sales in FY23 and beyond.

REPUBLIC OF IRELAND

On 20 May 2022, the Company announced that it was entering the Irish medical cannabis market following The Health Products Regulatory Authority approval of Althea CBD12:THC10.

Being one of the only medical cannabis products available for prescription in the Republic of Ireland, the Company believes this significant regulatory and commercial development represents a growing trend towards introducing and/or enhancing patient access to medical cannabis products across the continent of Europe.

PRODUCT INNOVATION

Althea has recently launched two new products, Althea THC25, Althea's highest-concentrated THC dried flower product, along with Althea CBD25, the first Althea product to be offered in a soft gel capsule preparation.

Launching innovative products is key to increasing sales of Althea medicines and maintaining our market leadership position.

RECREATIONAL CANNABIS – PEAK PROCESSING SOLUTIONS

AGH's Canadian-based subsidiary, Peak Processing Solutions (Peak), recorded revenue of \$7.96 million in FY22, with the business becoming EBITDA positive in October 2021.

The strong financial position is reflective of the thriving adult-use cannabis market in Canada and we expect the consumption of cannabis derivative products, which include cannabis-infused beverages, concentrates, topicals and powders, to continue to grow at a rapid rate.

Peak continues to attract interest from major consumer packaged goods companies looking to diversify their business into the recreational cannabis market, building upon commercial agreements Peak has already signed with The Boston Beer Company, Supreme Cannabis Ltd (a subsidiary of Canopy Growth Corporation) and more.

FY22 AND BEYOND

AGH continued to enjoy strong growth in FY22 and remains well placed to achieve its target of cash flow break even and operating profitability in Q3 FY23. We expect to see increased sales in all of the markets in which we operate, in particular accounting for a lag effect caused by the global pandemic.

Management remains vigilant in the face of a volatile global share market and are laser-focussed on delivering exceptional value and return on investment for all Althea Group Holdings shareholders.



I would like to thank our shareholders, the Board of Directors and all remaining AGH stakeholders, for their ongoing support.

-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 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

