

ASX Announcement | 28 March 2024
Althea Group Holdings (ASX: AGH)

AGH Organisational Review Update

Highlights:

- AGH has completed the restructuring phase of its cost reduction program, identified as part of the Company's recently announced organisational review
- The restructure is expected to deliver \$1.5 million in annualised savings
- Further initiatives identified as part of the cost reduction program are underway, including the reduction of overhead expenses and supply chain optimisation through improved cost pricing and payment terms
- The organizational review reflects management's unwavering commitment to continually enhancing operational efficiency and driving financial performance

28 March 2024: **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 provide an update on the progress of our recent organisational review and the subsequent initiatives undertaken to enhance operational efficiency and financial performance.

Cost reduction program

AGH's recent half-year financial report (29 February 2024) highlighted the outcomes of our extensive organisational review, which identified further opportunities for cost reductions across administrative, operational and supply chain expenditure. These initiatives form part of a carefully considered cost reduction program which is anticipated to yield significant annualised savings and strengthen the Company's financial position in the near term. The Company remains committed to providing regular updates as progress is made through the various phases of the program.

Phase 1 – Staff Restructure

AGH is pleased to report the successful completion of Phase 1 of its cost reduction program. This phase focused on restructuring staff and is expected to generate annualised savings of approximately \$1.5 million.

Phase 2 – Overhead reduction

Phase 2 of the cost reduction program is currently in progress with a primary focus on reducing overhead costs. Immediate efforts include renegotiating and/or exiting office leases, along with optimising our IT spend.

Phase 3 – Supply chain optimisation

In Phase 3, the Company's attention is directed toward optimising the supply chain to enhance cash flow management. Management is working closely with suppliers to transition to a Just-in-Time (JIT) inventory management method, along with negotiating improved cost pricing and payment terms. These efforts are aimed at reducing our cash-to-cash cycle and enhancing overall supply chain efficiency.

AGH CEO and Managing Director, Joshua Fegan said: "Today's update on our organisational review reflects management's focused commitment to enhancing operational efficiency and driving financial performance. As we continue to adapt to dynamic market conditions and execute on our strategic initiatives, we remain confident in our ability to strengthen our financial position and deliver sustainable value to our valued shareholders."



-ENDS-

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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

