

ASX Announcement | 30 April 2025

Quarterly Results and Highlights for the period ending 31 March 2025

Financial Highlights:

Group

- AGH recorded \$5.02 million in customer receipts for the quarter ending 31 March 2025
- Net cash used in operating activities for the same period was \$2.62 million, including \$1.30 million in non-recurring costs
- Strategic inventory pre-purchasing at Peak Canada, a leading contract manufacturer of THC beverages, contributed to higher cash outflows this quarter
- Available funding at quarter-end stands at \$2.08 million, comprising cash and undrawn finance facilities
- The Company raised \$2.78 million during the Quarter from the February 2025 capital raise, with a further \$2.22 million received following shareholder approval at the EGM held on the 7th of April.

Peak Canada

- AGH's Canada-based wholly owned subsidiary, Peak Canada, achieved \$4.2 million in customer receipts during the Reporting Period
- There has been a modest improvement in underlying gross margins compared to prior corresponding period (PCP), being the quarter to 31 March 2024
- To support anticipated growth during its peak seasonal period (April–September), Peak Canada allocated a portion of proceeds from the Loan Notes Placement to pre-purchase core raw materials in the March quarter
- This proactive inventory investment temporarily inflated cash outflows but was strategically executed to secure supply continuity, lock in input costs, enhance margins, and maximise revenue capture across FY25Q4 and FY26Q1

Peak USA

- The Company's U.S.-based wholly owned subsidiary, Peak USA, successfully commenced commercial manufacturing operations during the Quarter
- Over 550,000 units have been produced or shipped within weeks of launch, underscoring strong early demand and rapid commercial momentum, with associated cash receipts expected to flow through to the June quarter
- Strategic Investment: A \$335,000 CAPEX investment enabled scale-up of Florida-based THC beverages production facilities
- No further major near-term CAPEX is required, providing an attractive platform for scalable revenue growth

Pharmaceutical cannabis

- AGH's global cannabis-based medicines business ('Althea') recorded \$802,000 in cash receipts from customers down representing an approximate 81% decline compared to the PCP
- Despite achieving approximately \$3.9 million in annualised cost savings over FY24–FY25, the pace and scale of revenue decline has outpaced AGH's rightsizing efforts
- A comprehensive strategic review of the Althea division is nearing completion, exploring pathways to restore sustainable profitability or maximise shareholder value through alternative options

Althea Group Holdings Limited (ASX:AGH) ('AGH', or 'the Company'), a leading FMCG organisation specialising in the manufacturing, sales, and distribution of THC beverages, is pleased to report its quarterly activities report for the period ending 31 March 2025 ('Quarter', 'Reporting Period').

AGH CEO, Joshua Fegan said: "Our March quarter results underscore the enormous potential of our Peak Canada and Peak USA businesses. With strong early commercial traction, scalable infrastructure now in place, and operational leverage beginning to deliver, Peak is well-positioned to drive significant revenue and profitability growth into FY26 and beyond."

OPERATIONAL UPDATE FOR THE QUARTER

Peak Canada

Progress Update

During the Quarter, Peak Processing Solutions Canada ("Peak Canada") reported cash receipts of \$4.2 million. Specialising in the formulation and manufacturing of THC-infused beverages for the Canadian recreational cannabis market, Peak Canada continues to demonstrate operational resilience despite the seasonal softness typically experienced during the winter months. There has been an improvement in gross margins compared to the same period last year.

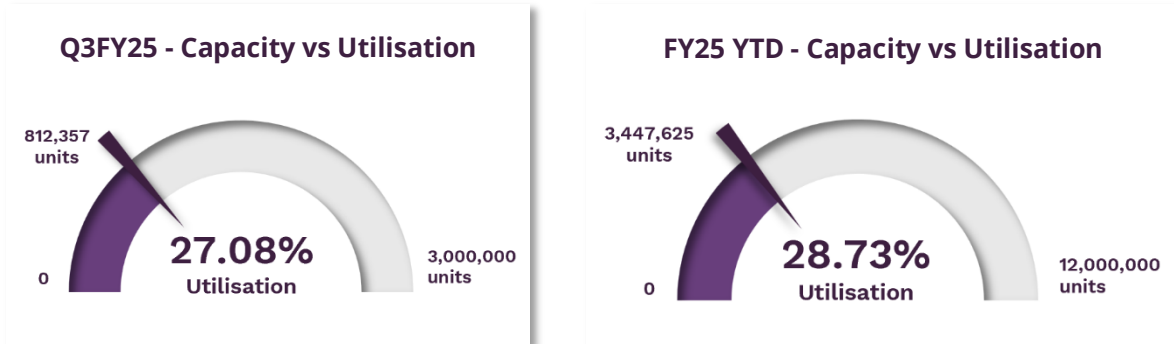
To prepare for the anticipated surge in demand during the spring and summer season, Peak Canada strategically allocated a portion of capital raised during the quarter to pre-purchasing core raw materials. While this temporarily increased cash outflows, the move secures supply continuity, locks in input costs, and enhances margin capture across FY25Q4 and FY26Q1. Additionally, facility upgrades completed during the quarter have bolstered production capabilities, positioning Peak Canada to achieve stronger revenues and profitability in the quarters ahead.

Cannabis beverages - Capacity vs Utilisation

The following Capacity vs Utilisation illustrations provide a clear view of Peak Canada's current operational metrics. These visuals illustrate how the business's production is aligning with available capacity, giving shareholders a transparent look into Peak Canada's manufacturing capabilities as it capitalises on growth opportunities in the cannabis sector:

- The first illustration shows Peak Canada's quarterly results, highlighting how production utilisation aligns with available capacity each quarter
- The second illustration provides a year-to-date (YTD) view of annual capacity versus utilisation, offering a comprehensive look at Peak Canada's production efficiency over the year

Image 1 & 2: Cannabis beverage production - Capacity vs Utilisation – Q3FY25 and YTD



Peak USA

Progress Update

Peak USA specialises in the formulation and production of THC-infused beverages for the U.S. alcohol-alternative or fast-moving consumer goods (FMCG) market.

Production launched this Quarter with over 225,000 units already shipped and a further 311,000 units in active production – totalling more than 550,000 units within weeks of launch. This rapid scale-up reflects exceptional early demand and commercial momentum, with cash receipts expected to flow through in the June quarter.

To support this scale-up, Peak USA invested \$335,000 in targeted capital expenditure during the quarter. With the Florida facility now fully operational, no significant near-term CAPEX is anticipated.

Tariffs

Importantly, as all beverages are manufactured and sold within the United States, Peak USA is not exposed to international tariff risks, further enhancing its competitive positioning for scalable revenue growth.

Pharmaceutical Cannabis - Althea

Supply Chain Recovery

Althea stabilised inventory levels during the March quarter, however, a further setback occurred when the Company's highest-selling SKU in the UK failed final quality testing and was unable to be released as anticipated in February 2025.

While AGH bore no financial liability for this inventory, it constrained anticipated revenue recovery efforts during the quarter.

Sales Impact and Cost Restructuring

Althea's cash receipts for the March 2025 quarter were \$802,00, down 81% compared to the prior corresponding period (March 2024: \$4.2 million). Despite approximately \$3.9 million in annualised cost savings over FY24–FY25, the pace and magnitude of revenue decline has outstripped rightsizing efforts.

Althea Strategic Review

A comprehensive strategic review of the Althea division is nearing completion, evaluating pathways to restore sustainable profitability or maximise shareholder value through alternative options. This comprehensive strategic review may culminate in the divestment of the assets relating to the Althea division, thereby allowing AGH to focus on the Peak Canada and Peak USA divisions to enhance operational efficiency and improve financial sustainability. Any such transaction would, however, be subject to terms being agreed and the satisfaction of all regulatory requirements, including ASX Listing Rules.

Capital Management and Governance

During the Quarter, AGH successfully completed capital raising initiatives that delivered \$4.0 million in funding, with Loan Notes subsequently converted into equity following shareholder approval at the Extraordinary General Meeting (EGM) held in April 2025. Compliance remediation efforts were also finalised during the quarter, with the Company securing Federal Court relief in relation to historical Cleansing Notice lodgement lapses.

One-Off Expenditures

During the Reporting Period, AGH incurred approximately \$1.3 million in non-recurring expenses. These included:

- \$672,000 for compliance remediation, legal advisory services, court applications, and capital raising costs associated with the February 2025 funding initiatives;
- \$300,000 in restructuring costs to execute Althea's operational realignment program, and
- \$335,000 was invested in targeted capital expenditure to expand Peak USA's production capabilities in Florida

Additionally, AGH strategically allocated proceeds toward the pre-purchasing of core raw materials at Peak Canada to secure supply continuity and enhance margins ahead of the division's busiest trading period.

Excluding one-off and strategic investment items, as well as the impact of Althea's underperformance, underlying operating cashflows continued to improve – highlighting stronger operational control and disciplined cost management across the Group.

In item 6 of the Appendix 4C cash flow report for the Quarter, payments to Related Parties of \$180,000 comprised of salary paid to Chief Executive Officer and fees paid to Non-Executive Directors.

-ENDS-

The Board of Althea Group Holdings Ltd authorised this announcement to be lodged with the ASX.

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About Althea Group Holdings

Althea Group Holdings Ltd (ASX:AGH) is a leading FMCG organisation specialising in the manufacturing, sales, and distribution of THC beverages. Through its innovative business unit, Peak Processing Solutions, AGH develops premium, compliant products that resonate with adult consumers in regulated global markets, including USA and Canada.

Learn more about Althea Group Holdings at www.altheagroupholdings.com

Visit www.peakprocessing.com to explore Peak Processing Solutions

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Althea Group Holdings Limited

ABN

78 626 966 943

Quarter ended ("current quarter")

31 March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,024	21,555
1.2 Payments for		
(a) research and development	(14)	(14)
(b) product manufacturing and operating costs	(3,605)	(11,744)
(c) advertising and marketing		(63)
(d) leased assets		
(e) staff costs	(2,571)	(8,739)
(f) administration and corporate costs	(1,415)	(4,505)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(43)	(90)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	1	81
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(2,623)	(3,519)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(303)	(836)
(d) investments		(275)
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(303)	(1,111)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	280	2,167
3.2	Proceeds from issue of convertible debt securities	2,910	2,910
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(249)	(249)
3.5	Proceeds from borrowings		1,469
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		(410)
3.8	Dividends paid		
3.9	Other (provide details if material)		(662)
3.10	Net cash from / (used in) financing activities	2,941	5,225

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,364	833
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,623)	(3,519)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(303)	(1,111)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,941	5,225
4.5	Effect of movement in exchange rates on cash held	(50)	(99)
4.6	Cash and cash equivalents at end of period	1,329	1,329

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	710	563
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (Term Deposits)	619	801
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,329	1,364

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(160)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	6,614	5,867
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		747
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<p>Loan 1 – AUD\$2mil facility from AMAL Security Services. \$1.5mil drawn. Maturity date of November 2025 and a 13% annual interest rate.</p> <p>Loan 2 – CAD\$1m asset-based loan facility with Stoke Partners. CAD\$825,000 drawn. Maturity date of May 2025 and a 22% annual interest rate.</p> <p>Loan 3 – AUD\$2mil in the form of unsecured loan notes with an interest rate of 0% via a loan note placement lead managed by Taurus Capital Group Pty Ltd. The Loan Notes may become convertible into ordinary shares solely subject to Shareholder approval under Listing Rule 7.1 at a General Meeting of Shareholders, in which case, the face value of the Loan Notes (being \$2.0mil in aggregate) will be converted into shares by dividing the aggregate face value by a conversion price of \$0.02, resulting in the issue of 100,000,000 shares. For further detail, see ASX announcement of 24 December 2024.</p> <p>Loan 4- AUD \$1.5mil in the form of a loan notes placement managed by Taurus Capital Group Pty Ltd. Under the placement, the loan notes were issued as a debt instrument and attract interest at a rate of 0%, however, the loan notes may become convertible into ordinary shares, solely subject to Shareholder approval under Listing Rule 7.1 at a General Meeting of Shareholders. For further detail, see ASX announcement on 17 February 2025.</p> <p>In respect of loans 3 & 4, a general meeting was held on 7 April 2025. At this meeting, resolutions were passed authorising the conversion of both loans into ordinary shares and such shares have been issued converting the Loan Notes to equity.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,623)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,329
8.3 Unused finance facilities available at quarter end (item 7.5)	747
8.4 Total available funding (item 8.2 + item 8.3)	2,076
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.79
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. The net operating cash outflows for the March quarter included approximately \$1.3 million in one-off items, including compliance and legal costs, restructuring expenses, and targeted investments in Peak USA and Peak Canada. These non-recurring expenditures are not expected to continue in future quarters. Further, underlying operating cashflows are anticipated to improve as cost-saving measures take effect and revenues increase, particularly from Peak Canada and Peak USA.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: : Yes. During the quarter, the Company successfully raised \$4.0 million through a placement and convertible loan note offering announced in February 2025. Of this, \$2.78 million was received during the quarter, with a further \$2.22 million received in April following shareholder approval at the EGM on 7 April 2025. These proceeds provide the Company with sufficient short-term liquidity, and no further capital raising is currently planned. The Company maintains strong relationships with its investors and believes it would be able to secure additional capital if required.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: : Yes. The Company expects to continue its operations and meet its business objectives based on improved operational cashflows, the completion of non-recurring expenditure, and growing revenue contributions from Peak Canada and Peak USA. With the majority of strategic investments now complete, the business is positioned for margin expansion and stronger financial performance in the June quarter and beyond.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2025

Authorised by: By the board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An

entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.