

## September 2025 Quarterly Activities & Cashflow Report

### AGH Group

- Recorded \$5.4 million in customer receipts for the Quarter ended 30 September 2025
- Net cash used in operating activities was \$0.21 million, including \$0.17 million in non-recurring costs
- Successfully raised \$2.53 million via a share placement; funds will support growth initiatives, customer development and selected capital expenditure projects
- As of 30 September 2025, available funding totalled \$2.98 million
- Appointment of Mr. Barry Katzman as Interim Chief Executive Officer following the resignation of Mr. Joshua Fegan as CEO and Director of the Company

### Peak Canada

- Delivered \$5.2 million in customer receipts for the Quarter, an increase of \$0.9 million from the prior Quarter and \$1.0 million on the prior corresponding period (PCP)
- Held a 98% On-Time and In-Full (OTIF) fulfillment rate, demonstrating operational excellence and reliability in meeting customers and provincial board demand across Canada
- Gross margins were 31% compared to 39% in the prior Quarter due to lower revenue than anticipated and other one-off factors – expected to rebound in the next quarter
- Held 33% share of the Canadian THC-infused beverage market, representing approximately 28% of all brands available nationwide
- Strategic investments:
  - Increased capital expenditure by \$0.1 million for upgrades to underground utilities (water / wastewater) with further investment planned for next Quarter
  - Invested in inventory to support a major Canadian licensed producer's re-launch; and
  - Produced 141,312 cans of proprietary products, up from 119,709 cans in Q4 FY2024-25 to drive sustained, high margin, revenue growth
- Peak Canada is in discussions to onboard three new customers of similar size to its current portfolio, signalling strong growth potential for Q2 FY26
- Peak Canada was impacted by the strike of provincial workers in Peak's second largest market, the province of British Columbia, where all order processing has been halted for more than 4 weeks of this Quarter
- Given this unforeseen event adversely affecting all producers, Peak was pleased with its Quarterly result and sales during this period, as it received multiple new listings in different Provinces and continued strong organic sales from its existing contract partners

### Peak USA

- Peak USA, AGH's wholly owned U.S. subsidiary, commenced commercial manufacturing in H1 2025, with a second production run completed in July
- Completed two production cycles in July and August, achieving a cumulative production of 560,000 cans
- Secured orders for an additional 300,000 cans to be produced in November 2025
- The U.S. THC-infused beverage market continues to grow rapidly, and Peak USA is well-positioned to capitalise on this momentum
- Peak USA is in discussions to onboard two new customers of similar size to its current portfolio, signalling strong growth potential for Q2 FY26

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**Althea Group Holdings Limited** (ASX:AGH) ("the **Company**" or "**AGH**"), a leading fast-moving consumer goods (FMCG) organisation specialising in the manufacturing, sales, and distribution of THC-infused beverages, is pleased to present its Quarterly activities report for the period ending 30 September 2025 ("**Quarter**", "**Reporting Period**").

### Peak Canada Summary

Peak Processing Solutions Canada ("**Peak Canada**" or "**Peak**"), a wholly owned subsidiary, maintained its strong position in the Canadian THC-infused beverage formulation and manufacturing market during Q1 FY26. Peak Canada recorded cash receipts of \$5.2 million, up from \$4.3 million in the prior Quarter, reflecting robust business momentum.

To sustain this growth, Peak Canada invested in several initiatives expected to drive increased cash flow and revenue in the December Quarter and beyond, including:

- **Capital Expenditure:** commenced with \$1.0 million capital spend, targeted for completion by Q3 FY26, which is expected to deliver immediate cost savings upon completion.
- **Strategic Partnership:** In Q4 FY25, Peak entered a strategic arrangement with a major Canadian licensed producer to manufacture substantial volumes of a fast-moving, high-margin brand. Under this arrangement, Peak receives cash payments directly from a provincial crown corporation for product sales and remits net proceeds to the licensed producer. This transfer of listings model benefits the Company's working capital position, and Peak will look to emulate similar deal structures where possible.

Gross margins declined to 31% for the Quarter from 39% in the prior Quarter, primarily due to lower-than-normal revenues from a high-margin service offering and annual obsolete inventory write-offs conducted at the start of each fiscal year.

Peak's strategy focuses on ensuring supply chain stability, locking in input costs and positioning the Company for higher margins. Following a successful capital raise during the Quarter, Peak is implementing measures to improve trade terms with suppliers, capitalise on bulk purchase discounts, and realise savings from planned facility upgrades in Q2 and Q3 FY26. These initiatives are expected to return margins to levels achieved in the prior Quarter, reinforcing operational resilience and margin stability moving forward.

#### **Cost Control and Operational Efficiency**

During the Quarter, management developed a rightsizing strategy, which was implemented from 1 October 2025. As a result of this initiative, the Company expects to achieve annualised reduction in overheads of \$1.09 million, made up of 10-15% savings in staff costs, alongside numerous operational efficiencies and revenue opportunities from additional services.

In addition, following the capital raise, the Company is implementing initiatives to strengthen vendor relationships and invest in long-delayed capital expenditure for process optimisations, which are expected to drive continued improvement in results.

#### **Operational Disruption: B.C. Distribution Strike**

A province-wide distribution strike in British Columbia, one of Peak Canada's largest markets, materially impacted shipments during the Quarter. The disruption delayed delivery of more than 135,000 units across multiple customer portfolios, representing approximately \$450,000 in lost provincial revenue and an estimated \$300,000 reduction in Quarterly orders and revenues.

The strike has also delayed the provincial category review process for several new listings, including Peak's proprietary product portfolio. Normal operations and review activities are expected to resume once the provincial dispute is resolved, at which time backlogged orders are anticipated to be fulfilled.

#### **Strategic Brand Expansion**

Peak advanced its proprietary product strategy during the Quarter, achieving a key milestone by completing production of its initial in-house beverage lines at a cash cost of approximately \$0.3 million. This included the successful launch of the Company's Snap Back rosin-infused SKU, reinforcing Peak's ability to develop and scale high-margin, consumer-ready products alongside its core contract manufacturing operations.

Proprietary brands generated approximately \$0.2 million in direct revenues during the Quarter, reflecting the early stages of market rollout. As provincial availability increases, Peak forecasts gross revenue from proprietary products to reach an estimated \$1.09 million by the end of FY26.

This proprietary product strategy remains a cornerstone of Peak's long-term growth. By leveraging its production infrastructure, regulatory expertise, and category leadership, Peak captures greater value across the cannabis beverage supply chain while improving overall production efficiency and fostering innovation opportunities for existing customers.

### **Market Leadership and Growth**

Peak's Interim CEO, Barry Katzman, was recently appointed to the Board of Directors of the Cannabis Council of Canada, the nation's foremost representative body for the cannabis industry. This appointment reinforces Peak's leadership position and active role in shaping the future of Canada's regulated cannabis sector.

Peak Canada continues to lead the national cannabis beverage category with approximately 33% market share and products available in all 10 Canadian provinces. Representing over 28% of all beverage brands currently on the market, Peak maintains extensive category reach and production capability. With Canada's regulated cannabis sector growing 11.3% nationally and the THC beverage category outpacing the national average at 18.2% in 2024, Peak remains strategically positioned to capture further growth through innovation, new listings, and strong customer partnerships.

Peak's consistently strong On-Time, In-Full (OTIF) delivery performance continues to strengthen its reputation as a reliable partner and has positioned the Company to capitalise on upcoming provincial expansion opportunities, which numerous partner brands are now leveraging.

In addition to onboarding several new customers, Peak anticipates substantial revenue growth from two key developments – the migration of a large artisanal brand to a major international partner, and the consolidation of SKUs from existing brands currently distributed across multiple locations. These actions are expected to enhance production efficiency and revenue concentration in upcoming Quarters.

The authorisation of multi-pack sales marks a positive step forward for the Canadian THC beverage sector. As retail and regulatory restrictions continue to ease across Canada, the addressable market for cannabis beverages continues to expand, further benefitting Peak and its partner brands.

### **JC Green Contract Extension**

Peak secured a contract extension with JC Green for live resin extraction services, providing a minimum additional revenue of approximately \$216,000 under favourable terms. The extension strengthens Peak's extraction pipeline and continues to demonstrate customer confidence in the Company's capabilities and product quality.

### Peak USA Summary

Peak USA, AGH's wholly owned US subsidiary, continued to scale its commercial manufacturing operations during the Quarter, completing two full production cycles in July and August and bringing cumulative unit production to 560,000 cans since launching in January 2025. Secured orders for an additional 300,000 units are scheduled for production in November, demonstrating consistent throughput and growing partner demand.

Peak USA is strategically positioned to capitalise on the rapidly expanding hemp THC beverage market by extending Peak Canada's proven manufacturing platform and expertise. With over four years of production experience in Canada, representing more than 12 million cans and 250 unique formulations, Peak has built an extensive database of certificate of analysis, potency, and long-term stability data—often exceeding one year in duration. This depth of validated data and operational know-how is unmatched in the U.S. market, where most manufacturers are early-stage entrants lacking such longitudinal records.

As the U.S. retail landscape evolves—with large and conventional retailers now requiring robust QA documentation, validated stability data, and traceable compliance records—Peak's proven technical and regulatory systems provide a significant competitive advantage. These capabilities position Peak USA as a preferred production partner for major distributors and retailers entering the category.

Peak USA is in advanced discussions with several prospective production partners, targeting the onboarding of two additional customers of similar scale to its current portfolio in the coming Quarter. With proven manufacturing capabilities, industry leading quality, robust regulatory compliance, and growing demand,

### U.S. Industry Developments

The U.S. hemp-derived THC beverage segment has now surpassed US \$1 billion in annual retail sales, with forecasts projecting growth to as high as US \$4.1 billion by 2028<sup>1</sup>, as retail access and consumer adoption expand nationwide.

Target recently became the first major national retailer to pilot THC beverages, launching select brands in Minnesota stores in full compliance with state and federal hemp regulations. Circle K has also confirmed plans to introduce hemp-derived THC beverages across up to 3,000 locations beginning 2026, representing one of the largest planned national retail expansions in the category.

These milestones mark a turning point for mainstream acceptance of THC beverages, signalling growing retailer confidence, consumer normalisation, and expanding opportunities for established manufacturers such as Peak USA.

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<sup>1</sup> [https://www.cannabisindustrydata.com/u-s-hemp-derived-thc-beverage-market-projected-to-reach-4-1-billion-by-2028/?utm\\_source=chatgpt.com](https://www.cannabisindustrydata.com/u-s-hemp-derived-thc-beverage-market-projected-to-reach-4-1-billion-by-2028/?utm_source=chatgpt.com)

### **Growing Industry Recognition and Partnerships**

Peak USA's premium beverage offerings continue to generate strong interest across retailers, distributors and manufacturers. The JV is actively expanding its distribution footprint across more US states within the growing THC beverage market while establishing a diversified manufacturing strategy. With its primary manufacturing partnership secured and additional geographic partnerships under evaluation, the JV serves as both a platform for innovation and a strategic entry point for new customers, including those that complement Peak Canada's existing brand portfolio. Furthermore, the Company is working with many of its long-term Canadian customers as they scale to enter the US market with Peak as their preferred manufacturing partner.

### **Althea Company Pty Ltd update**

#### **Althea Company Pty Ltd (ACPL) Enters Voluntary Administration**

Following the asset sale of the cannabis business, as announced on 31 May 2025, on 9 July 2025, Mr. Sule Arnautovic of Salea Advisory was appointed as the Administrator of Althea Company Pty Ltd (ACPL - the remaining Australian subsidiary of AGH).

- At the second meeting of Creditors of the Subsidiary held on 13 August 2025 the Creditors resolved to enter into a Deed of Company Arrangement (DOCA) .
- Under the DOCA arrangements, AGH loaned ACPL \$200,000 to fund the completion of the DOCA process.
- ACPL's directors, Mr. Joshua Fegan and Mr. Alan Boyd, in turn arranged to lend AGH \$150,000 to help fund the DOCA arrangements, with AGH covering the remaining \$50,000.
- The Director loan is unsecured and attracts an interest rate of 5% per annum, paid Quarterly, and is repayable in full 15-months from the initial drawdown.
- All of AGH's and the Group's obligations in respect of the DOCA have now been met and the administrator is the final stage of completing the administration.

### **Management and Board Changes**

On 24 July 2025, the AGH Board appointed Mr. Barry Katzman as Interim CEO, following the immediate resignation of Mr. Joshua Fegan from his role as Chief Executive Officer and Director of the Company. Mr. Katzman, who previously led Peak Processing Solutions for two and a half years, drove the Company to triple its revenues during his tenure. With over 20 years of experience in ownership, C-suite, and senior leadership roles within the North American alcoholic beverage industry, and now as a leader in the THC beverage sector, Mr. Katzman brings extensive expertise to his new role as Interim CEO.

After the completion of the Quarter, Mr. Alan Boyd retired as a non-executive director and Mr. Manik Pujara was appointed as a non-executive director.

### Capital Management and Governance

AGH completed a successful capital raise in September 2025, securing \$2.53 million in funding.

### Group One-Offs in Operating Expenditures

During the Reporting Period, AGH incurred approximately \$0.15 million in non-recurring expenses relating to activities including:

- \$0.10 million for costs related to additional efforts for the statutory audit, driven by the retrenchment of the Australian office (10-12 finance staff) in April/May 2025. As a result, the remaining finance team, primarily based outside Australia, was required to perform vouching work for Australia and Europe transactions, despite not being involved in their initial recording. To manage this increased workload, the finance team incurred overtime costs and hired a temporary staff member for eight weeks to provide support. \$0.02 million for initial DOCA legal and advisory fees
- \$0.04 million of additional costs related to administrative work and extended due diligence processes to address historical accounting reconciliations

In addition, the group's operational cash outflow included \$0.24 million related to the operations of the discontinued business of Althea Company Pty Ltd.

Cashflows are expected to continue strengthening through a combination of robust organic growth from the existing customer base, the scaling of Peak USA's operations, strategic deployment of capital raise proceeds to optimise operational efficiency, and ongoing improvements in cash management and operational discipline.

Directors' fees for the Quarter were accrued but not paid. Payments recorded at section 6.1 in the Appendix 4C relate to travel reimbursement.

**-ENDS-**

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

**Althea Group Holdings Ltd**

**Barry Katzman M.B.A**

Interim CEO

**M:** +1-905-651-5506

**E:** [bkatzman@altheagroupholdings.com](mailto:bkatzman@altheagroupholdings.com)

**Media & Investor - NWR Communications**

**Melissa Tempra**

Investor Relations

**P:** +61 417 094 855

**E:** [melissa@nwrcommunications.com](mailto:melissa@nwrcommunications.com)

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**About Althea Group Holdings**

Althea Group Holdings Ltd (ASX: AGH) is a leading FMCG organization 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](http://www.altheagroupholdings.com)

Visit [www.peakprocessing.com](http://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")**

30 September 2025

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,422	5,422
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,010)	(3,010)
(c) advertising and marketing	(42)	(42)
(d) leased assets	-	-
(e) staff costs	(1,398)	(1,398)
(f) administration and corporate costs	(1,086)	(1,086)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(93)	(93)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(207)</b>	<b>(207)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date (3 months)</b>
		<b>\$A'000</b>	<b>\$A'000</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(g) entities	-	-
	(h) businesses <sup>1</sup>	-	-
	(i) property, plant and equipment	(73)	(73)
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) Entities		
	(b) Businesses		
	(i) <i>Assets of UK MyAccess Clinic</i>	-	-
	(ii) <i>Assets of Althea Company Pty. Ltd.</i>	-	-
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(73)</b>	<b>(73)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,550	2,550
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	344	344
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(146)	(146)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,748</b>	<b>2,748</b>

<sup>1</sup>Net of cash acquired from business acquisition.

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
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<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	528	528
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(207)	(207)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73)	(73)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,748	2,748
4.5	Effect of movement in exchange rates on cash held	(12)	(12)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,984</b>	<b>2,984</b>

<b>5.</b>	<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,984	514
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,984</b>	<b>514</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate number of payments to related parties and their associates included in item 1	4
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.*

7.	<b>Financing facilities</b>	<b>Total facility amounts at quarter end \$A'000</b>	<b>Amounts drawn at quarter end \$A'000</b>
	<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	500	500
7.2	Credit standby arrangements		
7.3	Other (STOKE LoC)	1,098	1,098
7.4	<b>Total financing facilities</b>	<b>1,598</b>	<b>1,598</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>0</b>
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 – The facility from AMAL Security Services is fully drawn at \$0.5mil. Maturity date of November 2025 and a 13% annual interest rate.</p> <p>Loan 2 – CAD\$1m asset-based loan facility with Stoke Partners. At the start of the quarter, CAD\$825,000 had been drawn, and during Q1-FY2026 the remaining CAD\$175,000 was drawn. This loan has a 22% annual interest rate and while the maturity date was May 2025, Peak opted to renew the facility per contract renewal provisions and finalized the renewal for a further 12 months at the time of the \$175,000 drawdown. Stoke Partners have an appetite to increase the loan facility available; an option AGH is not actively pursuing at this moment.</p>		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(207)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,984
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	2,984
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>14.5</b>
	<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?
- 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?
- 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?

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: 30/10/2025

Authorized by: By the board

(Name of body or officer authorizing 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 authorized for release to the market by your board of directors, you can insert here: "By the board". If it has been authorized for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorized for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorized 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.