

ALTHEA GROUP HOLDINGS LIMITED

(ASX:AGH)

INVESTOR PRESENTATION
JANUARY 2020



OVERVIEW & PERFORMANCE

Choose an Althea™ life

ESTABLISHED

Australian licensed producer, supplier and exporter of pharmaceutical grade medicinal cannabis

EDUCATION

Providing medicinal cannabis education access and management services. Supporting eligible patients and healthcare professionals in navigating medicinal cannabis treatment pathways

EXPANSION

Operating in highly regulated medicinal cannabis markets. Currently in Australia and the United Kingdom. Expansion opportunities in emerging markets: Europe & Asia

ACCESS MADE SIMPLE

Althea Group Holdings Limited (ASX:AGH)



ALTHEA CONCIERGE: An online platform that is redefining patient access to medicinal cannabis



ALTHEA STRATEGY ON TRACK



Australian market gaining momentum

- **Continued patient growth:** Surpassed December 2019 target of 4,000 patients
- **Althea Concierge driving HCP growth:** Over 432 prescribing HCPs
- **Skye facility review:** Proposed Skye facility on hold
- **Portfolio expansion:** Successful launch of Althea CBD100 product
- **Solid financial position:** Strong balance sheet with \$22.36m cash. Well placed to meet financial obligations

European market expansion

- **Privately owned clinics:** MyAccess Clinics officially opened in UK
- **Encouraging patient trend:** Early prescription trends following similar pattern to Australia
- **Germany launch ready:** Memorandum of Understanding signed with distributor in Germany

Production & Supply chain diversification

- **Canadian production progressing:** Production facility nearing completion
- **Increased supply flexibility:** Peak processing facility will be capable of producing infused cannabis products for the adult-use Canadian market and medicinal cannabis products

KEY MARKET STATISTICS | LISTED ON ASX: 21 SEPTEMBER 2018

Key Market Statistics¹

ASX code	AGH
Listing price (Date of listing)	\$0.20
Share price current price)	\$0.45
Market capitalisation	\$104.9m
Shares on issue	233.1m
GISC clarification	Pharmaceutical, Biotechnology & Life Sciences

¹As at 28 January 2020

Top 10 Shareholders	Total
Joshua Michael Fegan	56,250,000.00
Aphria inc.	12,250,000.00
Pendal Group Limited	12,000,000.00
Mancann Pty Ltd	10,000,000.00
HSBC Custody Nominees (Australia) Limited	9,166,878.00
Hootch Pty Limited	7,500,000.00
UBS Nominees Pty Ltd	5,288,685.00
National Nominees Limited	4,582,880.00
Citicorp Nominees Pty Ltd	4,547,326.00
PAC Partners Pty Ltd	3,242,347.00

EXPERIENCED & RELEVANT LEADERSHIP TEAM



Andrew Newbold | Chairman & Independent Non-Executive

- Extensive experience as director of numerous private companies and not-for-profit organisations
- 20 years' experience as a commercial lawyer and has played an integral role in the development of various businesses



Joshua Fegan | Chief Executive Officer & Founder

- Founder of Althea Group with extensive experience in business building, sales and marketing
- Proven business and strategy skills and previously held numerous senior management roles at national value-based retailer, Strathfield Group



Penny Dobson | Independent Non-Executive Director

- Accomplished business executive in healthcare industry and trained pharmacist in New Zealand, three decades at global pharma Merck & Co, in a variety of commercial roles
- Currently Deputy Chair of the Australian Nuclear Science and Technology Organisation Board, and a non-executive director at Invetec Pty Ltd



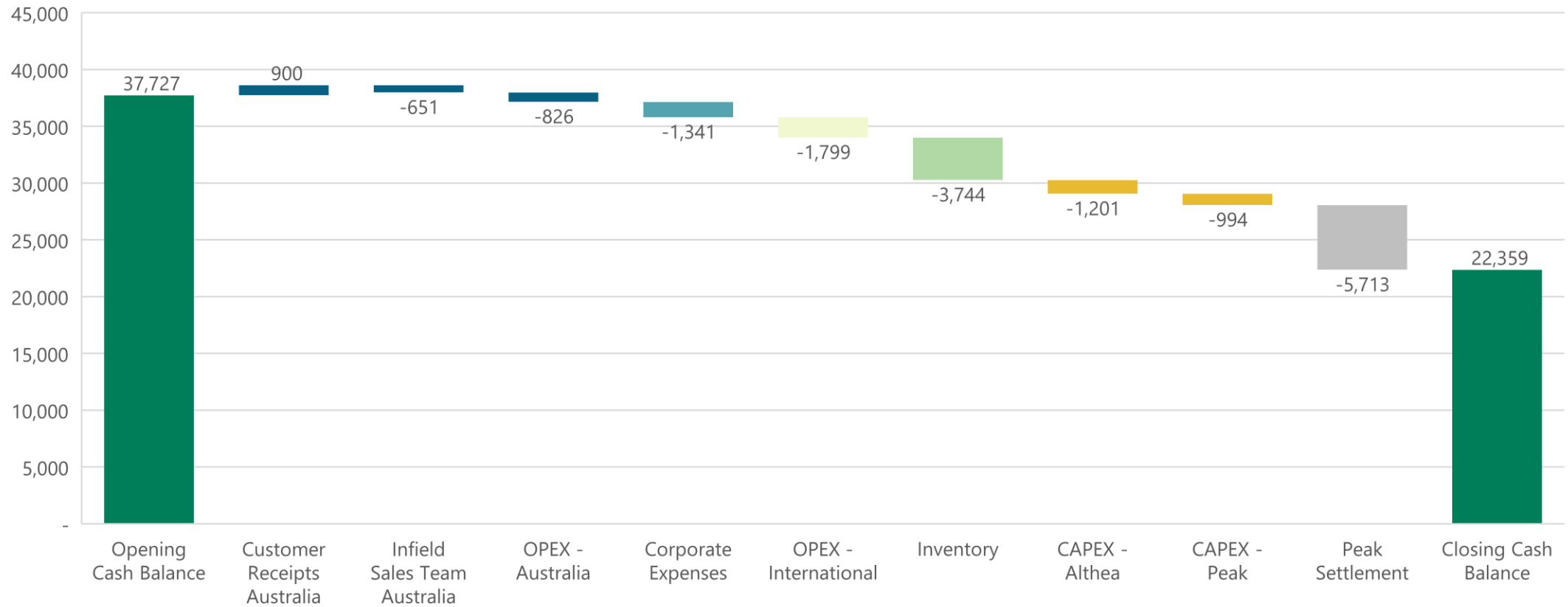
Alan Boyd | Independent Non-Executive Director

- Chief Financial Officer and Company Secretary of Ridley Corporation, an ASX-listed provider of high-performance animal nutrition solutions
- Alan has occupied the same position with listed biotechnology companies Avexa Limited and Zenyth Therapeutics Limited



CASH FLOW: STRONG FINANCIAL POSITION

BRIDGING CHART FOR QUARTER ENDED 31 DECEMBER 2019





CASH FLOW: EXPENSE SUMMARY

Infield Sales Team Australia	Infield sales team in Australia who are charged with the medical education of HCPs about Althea medicinal cannabis products, which are supported by the <i>Althea Concierge</i> prescriber tool. The cost of educating doctors is a key driver of the recent results and is vital to Althea's continued success.
Operational Expenses (OPEX) Australia	Support functions for Althea in Australia, including medical affairs and administration.
Corporate Expenses Global	Global support team assisting all areas of the group's operations.
Operational Expenses (OPEX) international	<p>Operational expenses for the global operations of the group. Althea UK and Peak Processing Solutions are covered in this amount. The company undertook a vast amount of regulatory work in the UK during the December quarter, including in relation to pharmacovigilance, health economics and strategy for the potential market authorisation of its product(s) in Europe. Also included are some MyAccess Clinics set up costs, which are non-recurring.</p> <p>Costs in the UK are expected to reduce in the quarter ending 31 March 2020, with management implementing cost control initiatives as a result of some regulatory headwinds experienced in the second half of 2019. Certainty over Brexit, as a result of the general election held in the UK in December, should provide more stability in the regulatory environment during 2020 and beyond.</p> <p>In Canada, Peak Processing Solutions operating expenditure remains in line with the budget and forecast prepared at the time of the acquisition.</p>



CASH FLOW: EXPENSE SUMMARY

Inventory	<p>In December 2018, Althea's board of directors introduced a policy to hold approx. 12 months' worth of stock on hand at all times to ensure there are no disruptions to patient supply. Due to this company policy and amid increasing demand for Althea products in Australia and the UK, the company invested in AUD\$3.2 million of inventory in the December quarter.</p> <p>Peak Processing Solutions invested AUD\$600,000 in cannabis active ingredients required for early production, which is slated for March / April 2020.</p>
Capital Expenditure (CAPEX)	<p>The company continued to invest in its proprietary tool, <i>Althea Concierge</i> in the December quarter. The patient and prescriber tool will remain an integral part of Althea's high value proposition.</p> <p>Investment in the buildout of the Peak facility remains on track to be completed in the quarter ending 31 March 2020, as per the operational timeline presented to shareholders in July 2019. Expenditure on the Peak fit out remains within budget, as per the amounts communicated at the time of acquisition.</p>
Peak Settlement	<p>This is a one-off cost for settlement of the Peak acquisition, including Peak's existing plant (building) and equipment, and is in line with the use of funds presented to shareholders in July 2019.</p>



CASH FLOW: COST CONTROL

Cost Savings Logistics provider	<p>Althea recently switched from a third-party logistics provider (3PL) to a new fourth-party logistics (4PL) provider in Australia and expects to realise approximately 30% in savings per annum as a result. The change also helped realise operational efficiencies that will reduce the amount of Althea resources needed to manage orders on an ongoing basis as sales continue to grow rapidly.</p>
Skye Facility Delayed for review	<p>The Company is undertaking a review of its need for the proposed Skye facility and has put the project on hold due to the shift in the international cannabis landscape, particularly with respect to the increasing number of cannabis cultivators (growers). The company has a priority to allocate working capital to sales and distribution activities and will evaluate whether at this point in time full vertical integration through ownership of the entire supply chain, including cultivation, will provide the best strategy for delivering an efficient and cost effective supply of Althea medicinal cannabis products to patients globally.</p> <p>The review will focus primarily on ensuring that Althea continues to employ economies of scale in bringing its pharmaceutical grade products to market, including the potential to utilise contract manufacturing organisations, such as Althea's wholly owned subsidiary, Peak Processing Solutions.</p>

END TO END BUSINESS MODEL



Althea Group Holdings Limited (ASX:AGH)

Althea Group Holdings Ltd (ASX:AGH) is a global pharmaceutical company and supplier of medicinal cannabis. Althea also offers a range of education, access and management services to support eligible patients and healthcare professionals in navigating medicinal cannabis treatment pathways.

PRODUCT & PRODUCTION



Product | Althea supplies patients with pharmaceutical grade, full spectrum medicinal cannabis products used by over 4,000 patients



Contract Manufacturing | A manufacturing service provider, specialising in contract and tolling services for the Canadian and International markets

SALES & DISTRIBUTION

Proactive targeted HCP Acquisition



Direct Sales | Dedicated team of Healthcare Development Managers driving HCP registrations and education

Direct access patient destination



Medical clinics | Own chain of private medical clinics with 3 in the UK

UNDER PINNED BY PROPRIETARY PLATFORM



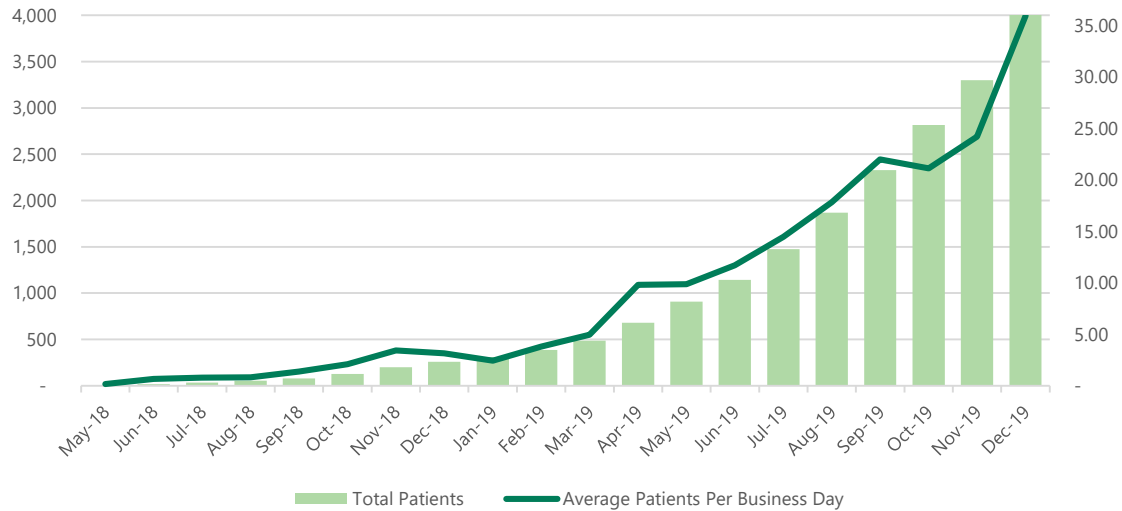
CONCIERGE

Education, access & data | Online platform for patients, doctors and pharmacists for medicinal cannabis in Australia & UK

SALES & DISTRIBUTION

ALTHEA AUSTRALIA: PATIENT & PRESCRIBER GROWTH

ALTHEA PATIENT GROWTH IN AUSTRALIA



End CY19
Patient: **4,018**

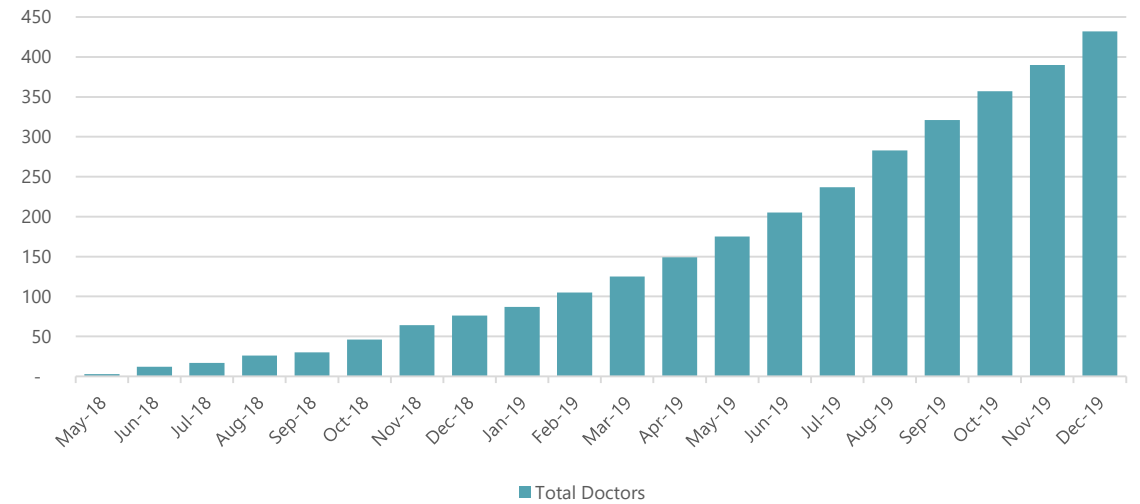
48%
Month-on-Month Growth

72%
Quarter-on-Quarter Growth



24%
MARKET SHARE*

ALTHEA HEALTHCARE PROFESSIONAL GROWTH IN AUSTRALIA



End CY19
HCP: **432**

10.7%
Month-on-Month Growth

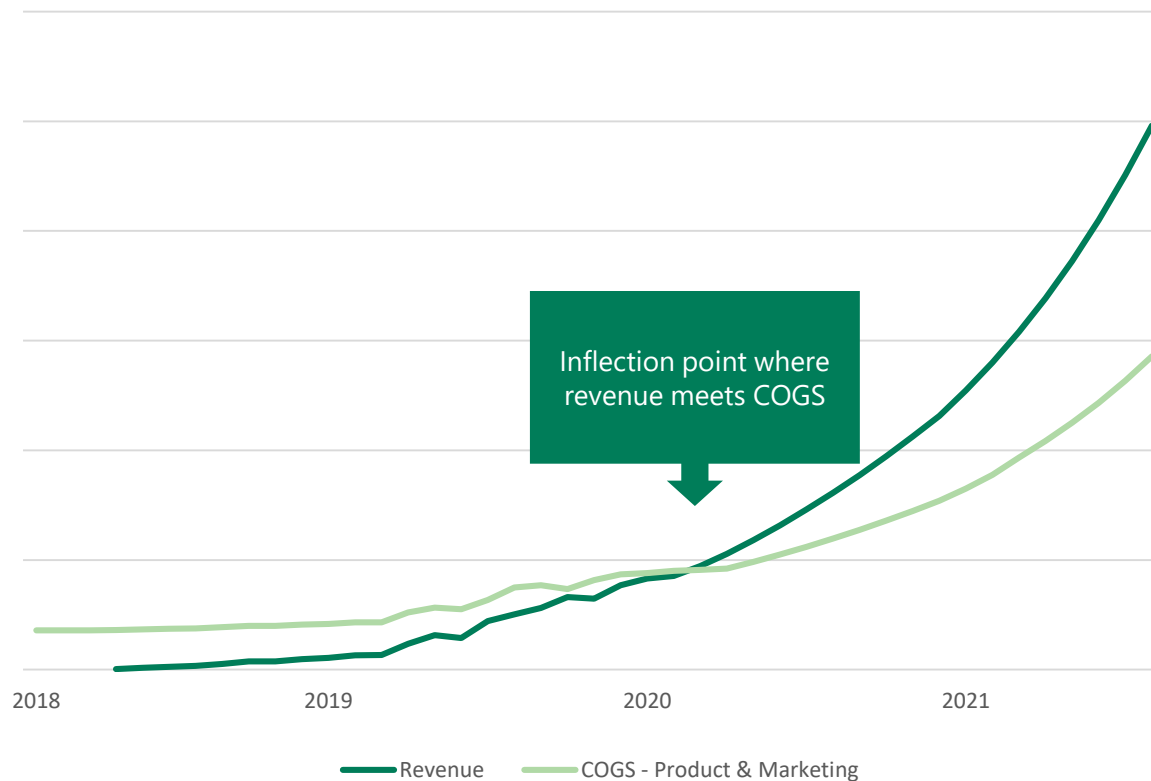
34.5%
Quarter-on-Quarter Growth



43%
MARKET SHARE*

ALTHEA AUSTRALIA: FINANCIAL OUTLOOK

COGS (PRODUCT & MARKETING) VS REVENUE



- In the December quarter Althea Australia achieved 45% quarter on quarter growth, with \$1.1m in unaudited revenue
- Cost of Goods Sold (COGS) refers to the cost of products, sales and marketing expenditure
- The graph depicts a point in time where revenue meets, and then exceeds, COGS
- HCPs can prescribe Althea medical cannabis products to as many patients as they see fit, therefore, the cost of onboarding prescribers reduces over time
- Althea's Australian operations are on track to reach profitability in CY2020



ALTHEA AUSTRALIA: LEADERSHIP STRENGTHENING



ALTHEA AUSTRALIA - GENERAL MANAGER

Diane Mitchelmore BSc

Professional Background:

- An experienced sales leader with strong experience within the healthcare sector, her most recent role at H&H Group which includes brands such as Swisse and Biostime
- Previously with Merck Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc
- Diane has extensive Healthcare Professional (HCP) education and training experience which will be leveraged to enhance the knowledge base of HCPs within the medicinal cannabis field
- Track record of establishing challenging KPI's and leading high-performance teams to deliver against targets
- Commencing February 2020

BUILDING INDUSTRY LEADING SALES CAPABILITY

- Increase productivity and growth
- Develop future strategic sales plan
- Build a scalable sales & education model to support continued growth
- Maintain leadership in market

EUROPEAN EXPANSION: MARKET OPPORTUNITIES

UK – Market Opportunity



66.87m

2019 Population

2.9m

Potential medical cannabis patients⁵

Up to 1%

Of the UK population could be medicinal cannabis patients by 2028 – Market Intelligence consultants 'Prohibition Partners' forecast.⁶

£1 billion

Forecast market value by 2021⁶

Germany – Market Opportunity



82.9m

2019 Population

60,000

Patients treated with medicinal cannabis in 2019 facilitated by insurance reimbursement¹

90%

Of the German population are covered by public health insurers²

Australian Comparison



25.4m

2019 Population

18,549

Patients estimated to have accessed medicinal cannabis products as at 31/12/2019³

15 – 20%

Month on month patient growth⁴

30,000 – 50,000

Estimated active patients by end CY2020⁴



ALTHEA UK: REGULATORY LANDSCAPE

POLITICAL UPDATE

General Election Outcomes

- Medicinal Cannabis mentioned in Labour Party manifesto for first time ever, following engagement with Althea
 - Conservative Party majority government brings 5 years of stability
-

Brexit Stability

- 31 January 2020 – Britain exits European Union
 - Critical votes in Parliament completed, freeing up significant Government and Departmental time for agencies including Medicines and Healthcare products Regulatory Agency and the Drugs & Firearms Licencing Unit (Home Office) to refocus
 - Expectation of increased efforts to resolve patient access issues around import-based product supply
-

Regulators

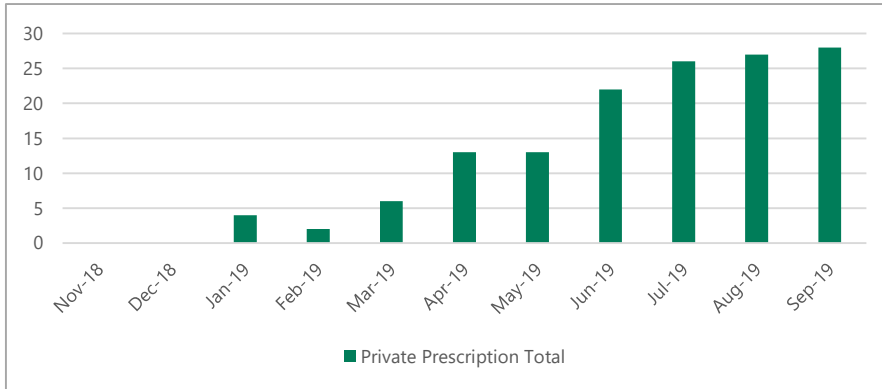
- Barriers to importing medicinal cannabis likely to be lessened in 2020, as prescribing expected to increase in line with Althea's active lobbying



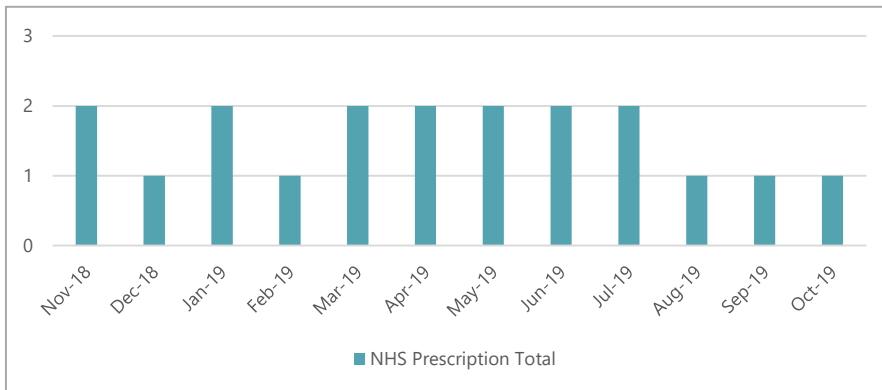


ALTHEA UK: PROGRESS

Private prescription items for unlicensed cannabis based medicines



NHS prescription items for unlicensed cannabis based medicines



* Source: Internal Althea analysis of data secured through Freedom of Information request to NHS Business Services Authority

ALTHEA UK PATIENTS

- To date, HCPs have provided 88 prescriptions for Althea medicinal cannabis products
- Althea estimates its product prescriptions represent circa 20%* of the privately treated medicinal cannabis market in England

FUTURE OUTLOOK

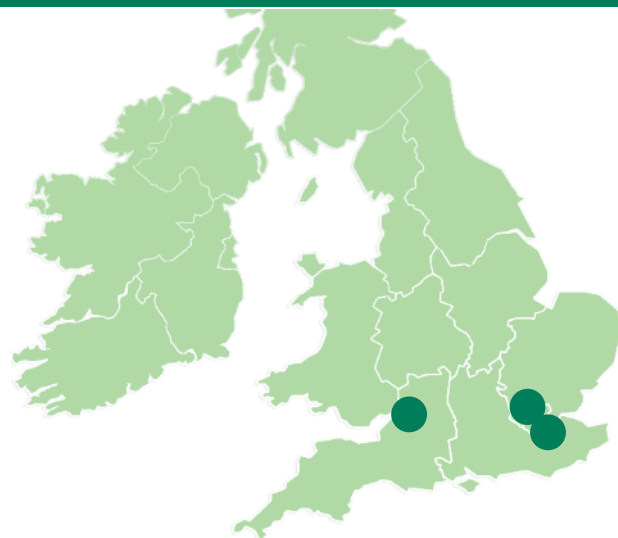
- Cost control initiatives implemented as a result of regulatory headwinds experienced in the second half of 2019
- Certainty over Brexit, as a result of the general election held in the UK should provide more stability in the macro regulatory environment during 2020 and beyond

ALTHEA UK: MYACCESS CLINICS



Althea's own chain of private medical clinics in the UK, branded as MyAccess Clinics, as an independent end point for medicinal cannabis products.

DESTINATION CLINIC



3 Strategically located clinics

- London – 2 sites
- Bristol – 1 site

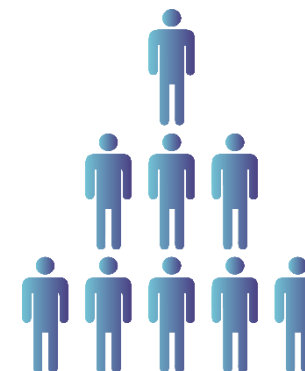
FULLY LICENCED



Althea's MyAccess Clinics' Bristol has received a Care Quality Commission (CQC) licence allowing for domiciliary care, meaning MyAccess Clinics prescribers are now available for home care services.

- MyAccess Clinics is only the second medicinal cannabis clinic in UK to receive a CQC licence

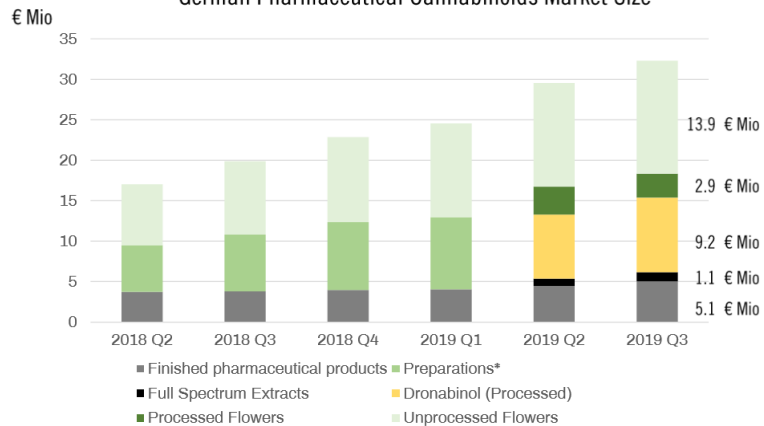
BUILDING PATIENT PIPELINE



- Growing pipeline of screened patients and confirmed bookings
- MyAccess Clinic website:
 - Since November - over 3,500 unique visitors
 - Since November - over 5,100 page views
 - Hundreds of patient enquiries



German Pharmaceutical Cannabinoids Market Size



MARKET FACTS

- In March 2017, Germany officially legalised medicinal cannabis
- Similar regulatory framework to Australia
- Pharmacists prepared an estimated 10,600 remedies containing cannabis or unprocessed cannabis flowers¹
- A further 12,500 finished medical products containing cannabis or cannabis extract were distributed¹
- Germany presents a significant opportunity for Althea based on the lack of medicinal cannabis extract products (e.g. cannabis oil) being available. Currently, a majority of prescriptions are for cannabis dried flower. Althea's extensive market research suggests significant HCP and patient demand for its range of 'extract' medicinal cannabis products

ALTHEA MARKET ENTRY UPDATE

- Research completed for Althea Concierge and development underway
- German distribution partnership agreed
- Sales team being recruited with training and rollout expected to commence in May 2020
- Product availability ETA first half 2020 (subject to German authorities)

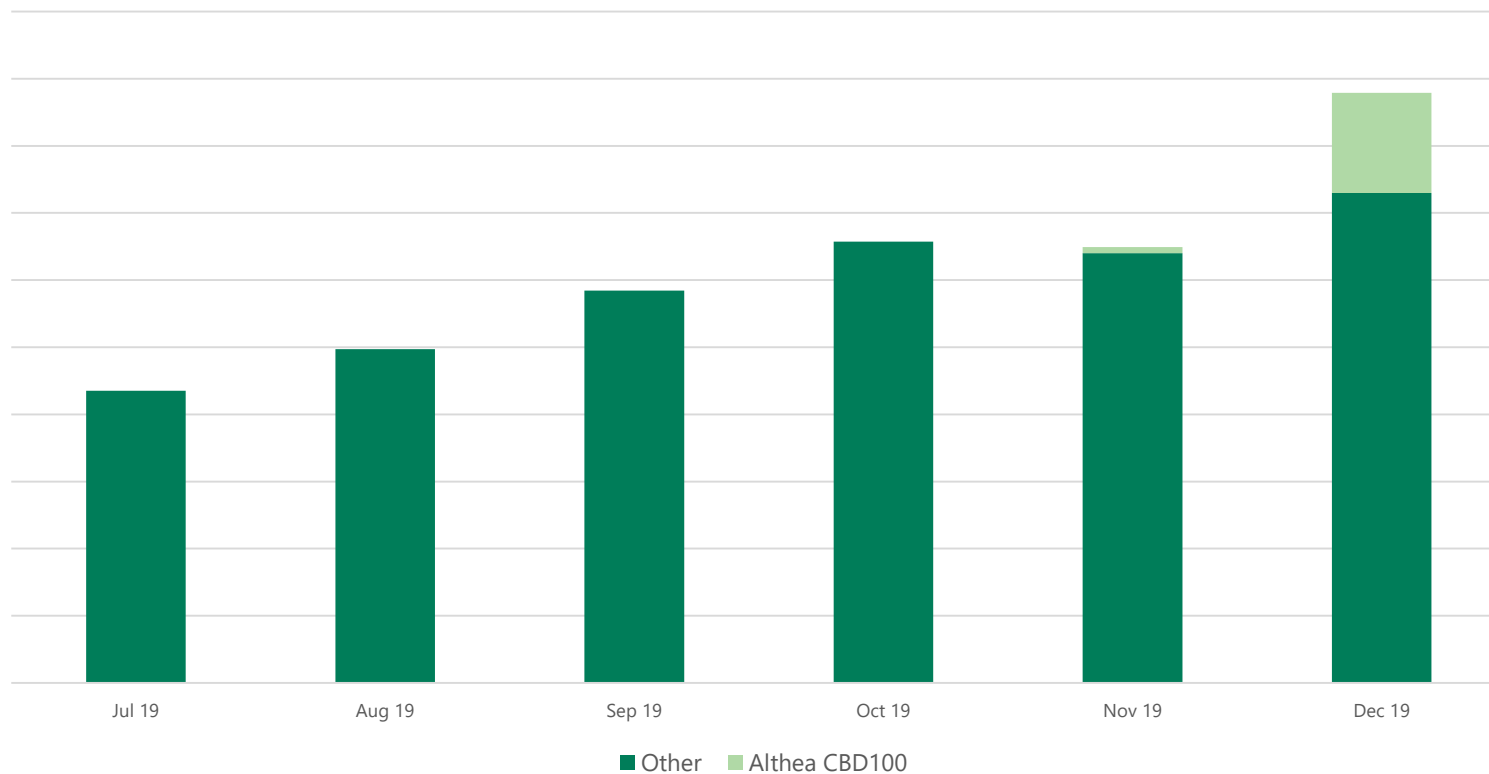
PRODUCTS



NEW PRODUCTS: ALTHEA CBD100



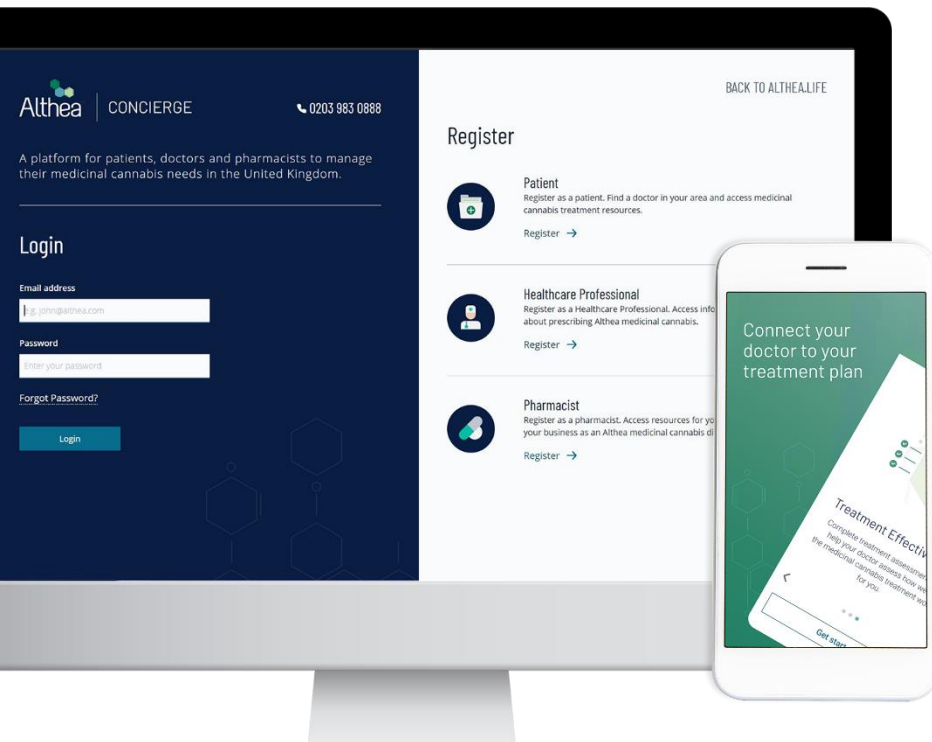
ALTHEA PRODUCT SALES



- In Q4 CY19, Althea launched **Althea CBD100** for Australia and export markets
- Althea CBD100 is expected to appeal to a new range of patients and substantially increase product sales
- Manufactured in Australia under international Good Manufacturing Practices (GMP) standards

SIMPLIFYING ACCESS TO MEDICINAL CANNABIS

Althea Concierge is a free online platform for patients, doctors and pharmacies to manage their medicinal cannabis needs.



PATIENT

- Find a doctor who can prescribe medical cannabis

DOCTOR

- Further education about Althea Medicinal Cannabis and enhanced registration tool

PHARMACY

- Discover the Althea product range

UPGRADES AND PRODUCT LEGAL PROTECTION

- Further planned platform upgrades and functionality enhancements in 2020
- Applications for Trademark registration to further protect proprietary position of tool is pending

PRODUCTION



PEAK PROCESSING



Contract Manufacturing

A manufacturing service provider, specialising in contract and tolling services for the Canadian and International markets

Access to a potential C\$4.34B legal recreational cannabis market in Canada

LICENCE

Health Canada Licence

- Applied for one of the industry's first large-scale infused cannabis processor licences
- Evidence package submitted with approval anticipated Q1 2020

PRODUCTION PLANT RETROFIT

- On track and on budget
- Scheduled completion in Q1 2020

SALES

- Initial trial batches scheduled for Q1 2020
- Sales activities for product offtake initiated

PEAK PROCESSING: FINANCIAL OUTLOOK



OPERATIONAL TIMETABLE

	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Acquisition by Althea				
Facility Retrofit				
Trial Batch Products				
Anticipated Health Canada Licence Approval				
First Shipment				

PERFORMANCE TARGETS

	Milestones	Payment	ETA*
Performance Target 1	Granting of Cannabis Processing Licence	5,705,402 shares	March 2020
Performance Target 2	CAD\$7.0m Revenue; CAD\$2.0m EBITDA	5,705,402 shares	March 2021
Performance Target 3	CAD\$25.0m Revenue; CAD\$12.5m EBITDA	7,607,203 shares	August 2021

*The time periods above reflect Althea's expectation as to the timeframes for completion of its acquisition of Peak and its future establishment and commercialisation. The time periods are indicative only and remain subject to change, including as a result of the occurrence of factors which may be outside of Althea's control



Althea™

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ALTHEA GROUP HOLDINGS

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