



**ASX Announcement | 25 July 2019**

**Althea Group Holdings (ASX:AGH)**

## **June 2019 Quarterly Activities Statement and Appendix 4C**

### **Investment Highlights**

#### **Patient and HCP numbers and sales**

- 1,334 patients have been prescribed Althea medicinal cannabis products as of 23<sup>rd</sup> July with an end of June average month-on-month increase of 144%
- 225 Healthcare Professionals have prescribed Althea medicinal cannabis products, with an average month-on-month increase of 127%
- Althea secured 236 patients in June, which equates to 11.8 patients per business day
- Unaudited sales for the June quarter were \$411,663, a quarter-on-quarter increase of 226%

#### **UK expansion**

- Launched Althea Concierge UK, a platform that provides medical education and clinical evidence for healthcare professionals looking to prescribe medicinal cannabis
- Althea received first patient prescription for medicinal cannabis
- Althea selected to supply medicinal cannabis for a nationwide pilot targeting 20,000 patients

25 July 2019: **Global medicinal cannabis company Althea Group Holdings Limited (ASX:AGH) ('Althea' or 'the Company')** is pleased to provide its Appendix 4C cash flow statement for the quarter ended June 30 2019 (Q4 FY19), along with the following operational update.

Althea was established with the goal of simplifying patients' access to pharmaceutical-grade medicinal cannabis in Australia and other emerging markets. During the June quarter, Althea made significant progress across key metrics of its business operations in Australia and the UK.

#### **Patient, HCP and sales growth strengthens**

The June quarter saw Althea achieve a significant increase in patient and prescriber numbers, which translated into a continued increase in sales.

1,334 patients have been prescribed Althea medicinal cannabis products as of end-June, representing an average month-on-month increase of 144%.

As a result of this strong growth, Althea announced that it had crossed the 1,000-patient milestone in mid-June, five months ahead of its previously stated goal [ASX Announcement: June 14, 2019].

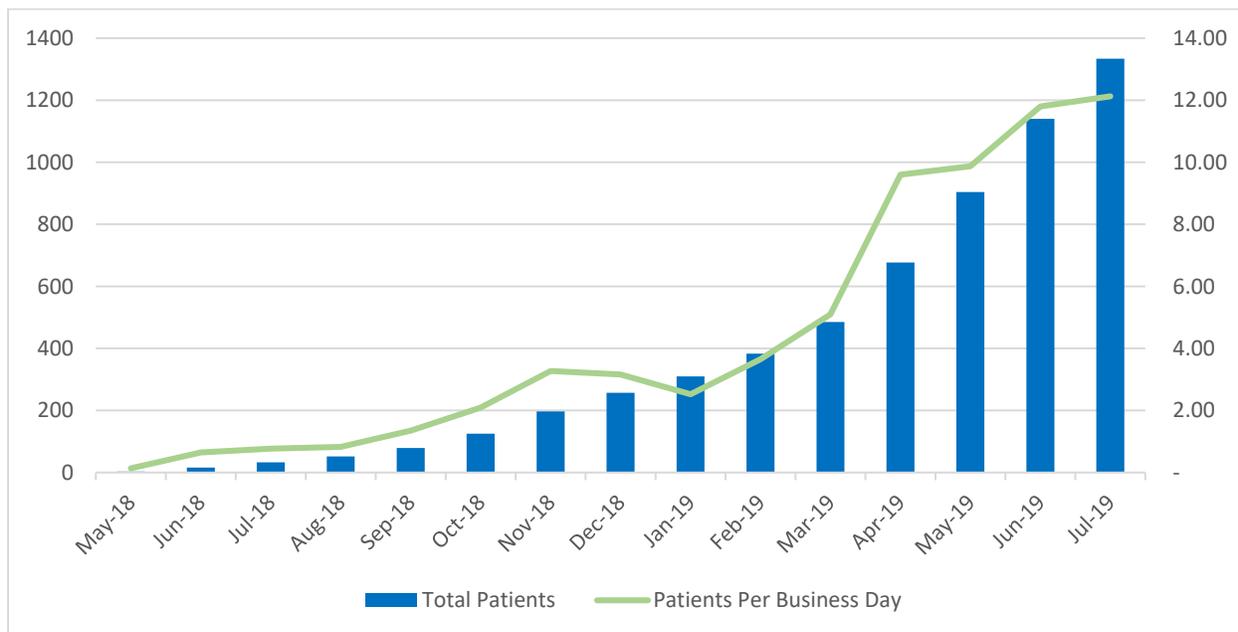


Figure 1: Patients prescribed Althea's medicinal cannabis products

At the same time, the number of Healthcare Professionals (HCPs) prescribing Althea's medicinal cannabis products also continues to grow rapidly. 225 Healthcare Professionals have prescribed Althea medicinal cannabis products to date, with an average month-on-month increase of 127%.

Quarter on quarter, Althea saw the addition of 80 HCPs representing an increase of 163%.

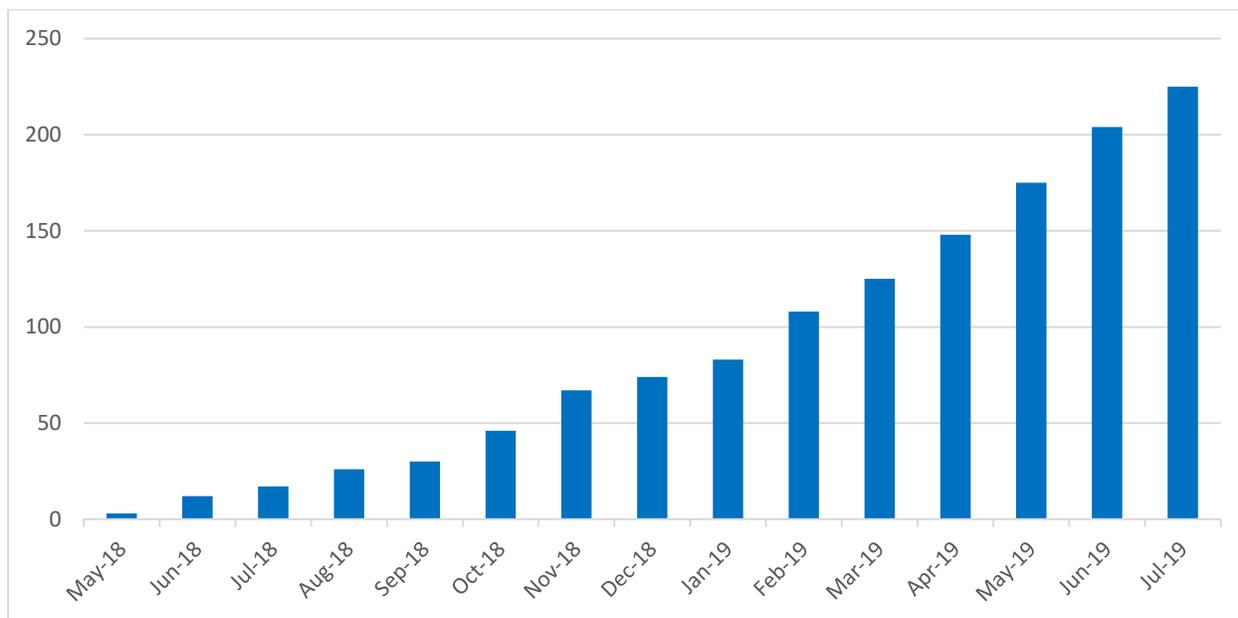


Figure 2: HCPs prescribing Althea's medicinal cannabis products



Althea recorded unaudited sales of \$411,663 for the period, which represents a quarter on quarter increase of 226%.

Chief Executive Officer of Althea, Mr Joshua Fegan, explains: “The June quarter was another very strong quarter across the key metrics of patient and HCP numbers and sales. We’ve now seen back to back quarters of record growth, primarily due to the growing confidence in Althea’s medical education program and increasing use of *Althea Concierge* by prescribers.”

### **Operational progress in Australia continues**

Althea was granted a Hemp Cultivation License by Agriculture Victoria during the quarter [ASX Announcement: June 5, 2019] (**Licence**). The License allows for the cultivation and processing of low-THC (Hemp) cannabis, allowing Althea to gain hands-on production experience with cannabis plant in a tissue culture laboratory environment. Alongside obtaining the License, Althea entered into an exclusive agreement with Australia’s leading tissue culture laboratory, Tissue Culture Australia.

In another major milestone for Althea’s Australian operations, the Company was granted the planning permit for its fully-funded and approved cannabis cultivation and manufacturing facility in Victoria [ASX Announcement: June 21, 2019].

### **UK expansion accelerates**

Althea is applying its proven patient acquisition strategy in the UK through on-ground medical representatives and the *Althea Concierge* platform to replicate its successful entry into the highly regulated Australian market. During the June quarter, significant progress was made regarding the Company’s UK operations.

In May, Althea announced the launch of the *Althea Concierge* platform and the progression of its partnerships with the UK’s Drug Science and Improving Outcomes in the Treatment of Opioid Dependence (IOTOD) scientific committees [ASX Announcement: May 31 2019].

*Althea Concierge*, which was launched in Australia in September 2018, is supporting Althea’s entry into the UK market by streamlining the prescription process for Althea medicinal cannabis products and facilitating patient referrals from primary care doctors to UK specialist prescribers. In parallel, Althea bolstered its educational outreach via its relationship with Drug Science and participation in the IOTOD conference.

In June, Althea received its first patient prescription for medicinal cannabis in the UK, where it aims to create a second significant distribution channel for the Company’s Australian-manufactured medicinal cannabis products [ASX Announcement June 21: 2019].

At the end of the quarter, Althea also announced that it would be supplying medicinal cannabis to Project TWENTY21, the UK’s first national pilot programme for medicinal cannabis which aims to enrol 20,000 patients before the end of 2021 [ASX Announcement: June 25, 2019].



**Althea Group Holdings CEO Josh Fegan said:** “We are making great strides in our entry into the UK market and anticipate replicating our successful Australia-born strategy there. We truly believe our recent 1,000 patient milestone can be replicated in the UK by the end of this year. I’d like to take this opportunity to thank the entire Althea team and strategic partners for their hard work and all shareholders for continuing to support us on our journey.”

**Ends**

**For further information, please contact:**

**Althea**

**Josh Fegan**

CEO & Managing Director

M: 1300 70 20 20

E: [contact@althea.com.au](mailto:contact@althea.com.au)

**Media Enquiries**

**Julia Maguire**

The Capital Network

M: +61 419 815 386

E: [julia@thecapitalnetwork.com.au](mailto:julia@thecapitalnetwork.com.au)

**Australian Investors**

**PAC Partners Securities**

M: 03 8633 9834

E: [enquiries@pacpartners.com.au](mailto:enquiries@pacpartners.com.au)

**Althea Group Holdings Limited (ASX:AGH)**

Althea is an Australian licensed producer, supplier and exporter of pharmaceutical grade medicinal cannabis and is listed publicly on the Australian Securities Exchange (ASX:AGH). Althea also offers a range of education, access and management services to support eligible patients and healthcare professionals in navigating medicinal cannabis treatment pathways.

Althea currently operates within highly regulated medicinal cannabis markets including Australia and the United Kingdom, with plans to expand into emerging markets throughout Asia and Europe.

To learn more, please visit: [www.althea.life](http://www.althea.life)

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Althea Group Holdings Limited

**ABN**

786 269 669 43

**Quarter ended ("current quarter")**

30 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	280	524
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(125)	(172)
(c) advertising and marketing	(1335)	(2,295)
(d) leased assets		
(e) staff costs	(741)	(1,635)
(f) administration and corporate costs	(889)	(2,629)
1.3 Dividends received (see note 3)		
1.4 Interest received	147	206
1.5 Interest and other costs of finance paid	-2	-6
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>(2,665)</b>	<b>(6,007)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(398)	(1,124)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	(340)	(689)
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) 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 Net cash from / (used in) investing activities</b>	<b>(738)</b>	<b>(1,813)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		21,650
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		(926)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other	(22)	(237)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(22)</b>	<b>20,487</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	18,389	2,300
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,665)	(6,007)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(738)	(1,813)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(22)	20,487

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(44)	(49)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>14,918</b>	<b>14,918</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,918	4,877
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (Term Deposit / Bank Guarantees)	10,000	15,215
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>14,918</b>	<b>20,092</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
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(85)
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**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	(965)
9.3 Advertising and marketing	(1,416)
9.4 Leased assets	-
9.5 Staff costs	(843)
9.6 Administration and corporate costs	(621)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(3,846)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

**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.

Sign here:  ..... Date: ..... 25<sup>th</sup> July 2019 .....  
(Company Secretary)

Print name: .....Robert Meissner.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.