



ASX Announcement | 15 December 2020  
Althea Group Holdings (ASX:AGH)

## Althea announces capital raising to support ongoing growth

### Highlights:

- Althea completes \$6m institutional placement
- Share Purchase Plan to follow which is expected to raise approximately \$3m and will allow eligible shareholders to participate in the capital raising at the same share price as the placement
- Proceeds from the capital raising will be used to fund a range of growth initiatives across the Althea business, including sales & marketing, inventory, further development of the Althea Concierge™ platform and product research & development

15 December 2020: **Australian pharmaceutical company Althea Group Holdings Limited (ASX:AGH) ('Althea' or 'the Company')** is pleased to announce a placement and Share Purchase Plan to raise up to \$9.0m.

### Capital raising

The Company has successfully raised \$6m (before costs) through a placement to institutional, sophisticated and professional investors ('**Placement**'). Eligible shareholders will also have an opportunity to participate, at the same price, through the Share Purchase Plan ('**SPP**') which is expected to raise approximately \$3m.

The Placement had strong demand from existing institutional shareholders and new funds. Althea will issue 13,636,364 new fully paid ordinary shares under the Placement using the Company's Listing Rule 7.1 capacity at an issue price of \$0.44 per New Share, which represents a 10.2% discount to the last closing price of Althea's shares (\$0.49) before Althea's shares went into a trading halt on 11 December 2020.

**Althea CEO, Josh Fegan, commented:** "We have continued to foster strong growth across the Althea business as the expansion of the global medicinal cannabis industry rapidly accelerates. In line with the expansion of the industry, Althea is well positioned to further increase its significant market share.

This additional funding support delivered through both the Placement and the SPP allows us to accelerate our growth strategy across several key strategic initiatives, as we continue to capitalise on our position as one of the global leaders in the medicinal cannabis industry.

We thank existing and new shareholders for their support and look forward to updating the market as the company continues to achieve significant growth milestones across all international territories and business units."

Althea Group Holdings Limited | ABN 78 626 966 943

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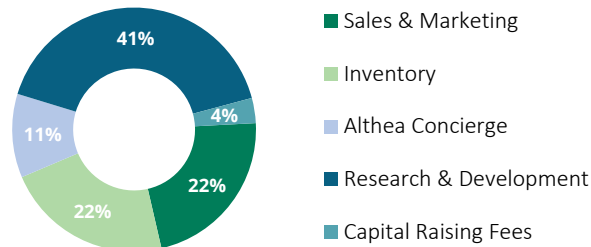
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### Use of Funds



### Use of Funds

The funds raised will be used to fund a range of growth initiatives across the Althea business including:

#### Sales & Marketing - \$2.0m

Market Access:

- Increase in the number of in-field representatives educating doctors about Althea medicinal cannabis, resulting in more prescribers and incremental growth

MyAccess Clinics – UK:

- Recruitment of further specialist prescribers
- A 12-month advertising campaign aimed at driving patients to clinics, maximising prescriber utilisation and generating growth in Althea prescriptions

#### Inventory - \$2.0m

Incremental growth requires Althea to invest in greater levels of inventory.. Althea's aim is to consistently have 3-6 months' worth of forecasted sales (in any territory) in inventory at any given time, thereby better positioning the Company to meet customer demand. Additional capital will be allocated to maintain these inventory levels.

#### Althea Concierge™ - \$1.0m

Further planned development of the platform, including:

- Online sales to be made available in UK and Germany
- Enhanced App features for patients
- App to be made available for Health Care Professionals (prescribers)
- Base version to be made available in French
- Seeking medical device registration in UK, Germany (medical app), South Africa and France to complement existing TGA registration

#### Research & Development - \$3.7m

Further funds will be allocated to enhanced research and development, including:

- Research and development of several non-prescription cannabis products used for the treatment of minor ailments, including: (i) low-dose CBD products for



sale under 'schedule 3' in Australia<sup>1</sup> and (ii) a range of Cannabis Health Products (CHPs) for sale in Canada. Non-prescription cannabis products would be available in pharmacies and specific health claims allowed following the product registration process, which will require clinical evidence<sup>2</sup>

- Develop novel prescription cannabis preparations, which would be added to the existing Althea product range
- Cost of production for if and when new products are launched at market

#### Fees - \$0.3m

Fees associated with undertaking the capital raise

#### Share Purchase Plan Offer

Althea is pleased to offer all eligible shareholders an opportunity to participate in the SPP to raise up to \$3.0m, resulting in the further issue of up to 6,818,182 new shares.

The issue price under the SPP of \$0.44 per share is the same price to that of the shares issued under the Placement to institutional and sophisticated investors. No brokerage or commissions are payable by shareholders in respect to the New Shares applied for under the SPP.

Shareholders (including custodians), being registered holders of Althea shares as at 7.00pm (AEDT) on 14 December 2020 (**Record Date**), with a registered address in Australia or New Zealand, and not resident or located in the United States or any other jurisdiction in or into which an offer of shares would be unlawful, are eligible to participate in the SPP (**Eligible Shareholders**) and will be able to apply for up to \$30,000 worth of shares. The Company reserves the right to accept oversubscriptions or scale back as appropriate.

Eligible Shareholders who wish to participate in the SPP will be required to complete the personalised application form accompanying the SPP offer document and pay the applicable funds in accordance with the instructions in those documents, prior to the closing date of the SPP.

Further details will be provided in the SPP offer document, which will be dispatched to eligible shareholders in the coming days.

#### Notice regarding Aphria

Althea has been informed that Aphria Inc. ('Aphria') have engaged PAC Partners Securities ('PAC'), the lead manager of the Company's completed placement, to initiate an off market share transfer of its remaining 12.25 million shares in the Company (equivalent to 5.25% of the Company's issued shares) at a price of \$0.41 per share.

PAC has further advised the Company that it has since brokered the requested trade with several institutional investors, who also participated in the Company's recent placement. Althea's commercial relationship with Aphria remains unchanged.

<sup>1</sup> Subject to Therapeutic Goods Administration's decision regarding the down scheduling of CBD. If CBD is not down scheduled, funds will be allocated to the remaining Research & Development items

<sup>2</sup> In Australia, this is Subject to Therapeutic Goods Administration's decision regarding the down scheduling of CBD. If CBD is not down scheduled, funds will be allocated to the remaining Research & Development items



-ENDS-

*Authorised by: Robert Meissner, Company Secretary*

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**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.

Althea currently operates within highly regulated medicinal cannabis markets including Australia, United Kingdom and Germany, with plans to expand the brand into emerging markets across the world.

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

**Forward Looking Statements**

This document contains certain forward-looking statements, relating to Althea's business, which can be identified by the use of forward-looking terminology such as "promising", "plans", "anticipated", "will", "project", "believe", "forecast", "expected", "estimated", "targeting", "aiming", "set to", "potential", "seeking to", "goal", "could provide", "intends", "is being developed", "could be", "on track", or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other authorities' requirements regarding any one or more product candidates nor can there be any assurance that such product candidates will be approved by any authorities for sale in any market or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialization of the product candidates could be affected by, among other things, unexpected trial results, including additional analysis of existing data, and new data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing pressures; and additional factors that involve significant risks and uncertainties about our products, product candidates, financial results and business prospects. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Althea is providing this information as of the date of this document and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.

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