Althea™

INVESTOR PRESENTATION

MARCH 2019

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COMPANY PROFILE

ASX Code: AGH

IPO Price: $0.20

Current Share Price: 0.355[1]

Market Capitalisation: $72.18million[2]

Total Shares on Issue: 203,310,000

Options to acquire shares: 2,675,000

Performance Rights: 5,100,000[3]

Escrowed Securities: 89,060,000 Shares , 2,675,000 Options and 5,100,000 Performance Rights

Cash as at Bank (6 March 2019): Approximately $19.1 million

Cash per Ordinary Share: $0.094

1 Closing price of Althea Shares on the ASX on 6 March 2019

2 Calculated as the total number of Shares on issue in Althea as at 6 March 2019 multiplied by the closing price of Althea Shares on the ASX on 6 March 2019

3 Performance Rights granted by Althea Group Holdings to Joshua Fegan under the LTI Plan

Board

Andrew Newbold: Independent Non Exec Chairman

Qualified lawyer. Extensive business experience and current director of Supra Capital, a Commissioner of the AFL and director of Golf Australia

Joshua Fegan: CEO / Managing Director

Founder of Althea in 2016. Previously held a number of senior management roles at Strathfield Group

Alan Boyd: Non Exec Director

Currently CFO and Company Secretary at Ridley Corp Ltd (ASX:RIC). Previously a director of Avexa Ltd and Zenyth Therapeutics Ltd

Penelope Dobson: Non Exec Director

Pharmacist and experienced global healthcare executive. Previously with Merck and Company and its subsidiaries MSD and Banyu Pharma in Australia, NZ, US and Japan

Jakob Ripshtein: Non Exec Director* (Aphria Inc. representative)

*President of Aphria Inc. Previously President of Diageo Canada and CFO of Diageo North America. *Appointment subject to ODC approval*

Major Shareholders

Joshua Fegan	28%
Aphria Inc. (TSX:APH)	25%

HIGHLIGHTS

Althea™

AUSTRALIA

- Strong month on month patient and prescriber growth continues:
  - **402 patients** were prescribed Althea medicinal cannabis products from May 2018 with average month-on-month increase of 148%
  - **110 Healthcare Professionals** (HCPs) prescribed Althea medicinal cannabis from May 2018 with average month-on-month increase of 133%
  - Market is growing strongly with SAS B application approvals between May 2018 and January 2019 showing average monthly growth of 134%
- First Half FY2019 **Revenue on Sales of Cannabis Products** of $174,000
- 2H Sales showing significant growth
- **Fully funded** with $19.1m cash at bank
- Successful launch of **MEDIC** - HCP education platform – accredited by RACGP
- *Althea Concierge* fast becoming a cornerstone of patient access to medicinal cannabis in Australia

UNITED KINGDOM

- Althea announced its entry into the UK Medicinal Cannabis market in February 2019
  - One of the first to enter the market with operations underway (12 staff) and headquartered in London
  - Products expected to be available to eligible UK patients in April 2019
  - Althea UK products have been approved by Ministry of Health (MoH) and Home Office import permits expected imminently
  - Research by Prohibition Partners suggests that medical cannabis can treat up to 2.9 million patients in the UK[1]
  - Extension of strategic partnership with supplier and Canadian major shareholder Aphria Inc.
  - The UK will create a second significant distribution channel for Althea's Australian grown and manufactured products, once available – projected for 2020

1.Prohibition Partners, The European Cannabis Report, January 2019, 4th Edition, p.83


COMPANY UPDATE

ABOUT ALTHEA

- Althea was founded in 2016 and is an ASX listed licensed importer and producer of medicinal cannabis, based in Melbourne, Australia. The company's mission is to improve the lives of patients suffering from debilitating conditions by facilitating access to high-quality medicinal cannabis
- Althea has the full complement of ODC cannabis licenses necessary to become a fully-fledged "seed to sale" Australian supplier, producer and exporter of medicinal cannabis. Capital raised in the Company's 2018 IPO is being applied to fund patient acquisition and marketing to build Althea's brand awareness, enhance medical outreach, and fund the design and construction of a fully scalable GMP compliant medicinal cannabis cultivation, extraction and manufacturing facility in Victoria
- Althea's expansion into the United Kingdom in February 2019 leverages the unique intellectual property created by the Australian business over the last two years. Althea believes there are significant opportunities in the UK medicinal cannabis market which has a regulatory environment very similar to that of Australia. Althea further believes its strategy of educating healthcare professionals about Althea medicinal cannabis products in highly regulated market places, could be extended into other jurisdictions in Asia, Europe and North America once medicinal cannabis is legalized in the relevant jurisdiction.
- Althea is dedicated to supporting all eligible patients and healthcare professionals seeking information about and access to, medicinal cannabis

PATIENT ACCESS IS DIFFICULT:

- Medicinal cannabis can only be legally prescribed by a doctor:
  - In Australia by a specialist or general practitioner, with approval in advance from the Therapeutic Goods Administration (TGA) and relevant State authority
  - In the UK by a specialist listed on the General Medical Council (GMC) Specialist Register and when the Medicines & Healthcare products Regulatory Agency (MHRA) guidelines have been satisfied
- Medicinal cannabis products are accepted as being effective in the treatment of certain medical conditions
- The main active pharmaceutical ingredients in medicinal cannabis products are cannabinoids, including but not limited to THC and CBD

PRODUCT RANGE:

- Althea currently sells four medicinal cannabis oils and one cannabis dried flower product to eligible patients in Australia; with estimated availability in the UK in April 2019
- The benefits of Althea's medicinal cannabis oil (approx. 95% of sales) include:
  - Providing patients with a slower and longer release of medicinal cannabis (when compared to dried flower) which may be beneficial for treatment of specific conditions
  - Ease of dose administering Althea's medicinal cannabis
- The benefits of Althea's medicinal cannabis dried flower (approx. 5% of sales) include:
  - Providing patients with immediate onset via inhalation
  - Providing patients that have difficulty with swallowing, an alternative option to administering medicinal cannabis

The information in the next two slides discusses the Company's operations and product range. It is not intended as a promotion of the Company's products.

NEW PRODUCTS:

- In 1H 2019, Althea plans to launch two additional products in Australia:
  - Soft Gel medicinal cannabis oil capsules
  - 15ml oromucosal spray (mouth spray)
  - Subject to obtaining the necessary regulatory licenses and approvals, Althea will seek to launch the new products in the UK as part of its market entry in April 2019
- The benefits of Althea's medicinal cannabis oil gel capsules include:
  - Controlled dosage in a familiar preparation
  - A slower and longer onset, beneficial for treatment of specific conditions
  - A more discreet and transportable administration method
- The benefits of Althea's medicinal cannabis 15ml spray include:
  - Cost-effective for new patients to trial Althea medicinal cannabis
  - Offers patients a fast and discreet delivery method
  - Higher margins per ml


PATIENT CASE STUDIES

REAL PATIENTS, REAL RESULTS

- Patient X: 54 year-old female
  - Indication: Chronic pain due to fibromyalgia
  - Patient's daily treatment plan included 4 pain products (including 2 opioids), 2 sleep aids (pill/transdermal patch), 1 anticonvulsant and weekly ketamine infusions
  - Doctor's comments at beginning of treatment were the patient looked miserable with the "fibromyalgia pain look"
  - Three weeks post initiation, daily treatment including medicinal cannabis oil at 1.5ml per day and a transdermal sleep patch
  - Patient is no longer taking opioids and has been able to swim at the local pool which she can't remember being able to do for years

REAL PATIENTS, REAL RESULTS

- Patient Y: 70+ year-old female
  - Indication: End state metastatic cancer
  - Patient was on treatment for 4 months before passing away
  - Medicinal cannabis oil significantly decreased pain and nausea as well as restored appetite which made her more comfortable
  - Patient was able to interact with family and complete the writing of her autobiography, which will be published later this year

ENTERING THE UK & OTHER EMERGING MARKETS

UK OPPORTUNITY:

- The UK Medicinal Cannabis market:
  - Medicinal Cannabis became legal in the UK on 1 November 2018
  - Significant potential market with population of approx. 66 million
  - Research suggests that medical cannabis can treat up to 2.9 million patients in the UK[1]
  - Medicinal Cannabis is a Schedule 2 medicine – available by prescription written by a specialist Doctor
  - Approximately 95,000 specialists eligible to prescribe medicinal cannabis[2]
  - MEDIC and *Althea Concierge* platforms are expected to provide comprehensive medical education for healthcare professionals, including clinical evidence
  - Eligible patients can access Althea medicinal cannabis privately (out of pocket) or potentially, through the fully subsidized NHS (public) system

1.Prohibition Partners, The European Cannabis Report, January 2019, 4th Edition, p.83

2. https://data.gmc-uk.org/gmcdata/home/#/reports/The%20Register/Stats/report

UK PATIENT ACCESS:

- Althea expertise required:
    - Highly regulated framework for prescribing, supplying and possessing medicinal cannabis products is similar to that of Australia
    - UK Market entry utilizes the same business model successfully implemented in Australia with a focus on Healthcare Professional education and responsible prescribing through Althea Concierge and MEDIC education platform
    - Althea is implementing a unique global approach. Early revenue generation through importation and distribution of finished products, education of healthcare professionals and securing scalable long-term supply of high-quality products to establish and maintain market share
    - Althea considers its model to be suited for roll out in other countries where patient access is considered highly regulated

UK PROGRESS TO DATE:

Early mover advantage:

- Althea is one of the first medicinal cannabis companies to enter the UK market. Althea UK has engaged a dozen representatives in the UK, with its head office in Camberley, 30 miles southwest of London
- Subject to regulatory licenses and approvals, Althea medicinal cannabis products expected to be available to eligible UK patients from April 2019
- Althea UK products have been endorsed by Ministry of Health (MoH) and the UK Home Office with import permits expected imminently
- Extension of strategic partnership with Canadian LP, Aphria Inc. to service UK market via supply agreement for medicinal cannabis product and Trademark license agreement for product names
- Althea expects to be in a position to export finished product to the UK when its Skye facility is operational – projected for 2020
- The UK is expected to create create a second significant distribution channel for Althea's Australian grown and manufactured products

UK STRATEGY:

UK Launch activities:

- Althea will soon launch its free, Royal Australian College of General Practitioners (RACGP) accredited, MEDIC (Medical Education in Cannabinoids) platform in the UK
- The Althea Concierge UK portal will go live coinciding with the availability of Althea's medicinal cannabis products, in approximately April 2019
- Focus on establishing medical practitioner relationships through a team of Medical Science Liaisons (MSLs) in advance of product availability
- Highly respected UK pharmaceutical Physician, **Dr Robert Pawinski**, appointed as **National Medical Director of Althea UK**
- Having recently worked for Pfizer and with over 10 years of clinical and pharmaceutical experience in the area of pain, Dr Pawinski will lead the Althea UK medical outreach program including guiding MSLs, working with healthcare professionals and consulting with Government
- Aphria has begun working with Althea in support of its medical outreach activities

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WHERE TO NEXT:

Export and Emerging markets:

- Export of medicinal cannabis products from Australia is permitted under the Narcotic Drugs Amendment (Cannabis) Regulations 2018
- Export enhances the viability of the Australian medicinal cannabis industry as Australian licensed producers can now access overseas markets where importation is legal[1]
- Althea expects that the UK will create a second significant distribution channel for Althea's Australian-grown and manufactured products
- Althea is currently exploring opportunities in **South Korea** (population 51m) where medicinal cannabis is being legalized
- **France** (population 67m), expected to have legalization in 1H 2020 and is a logical next step in Althea's **European strategy**
- Althea will continue to monitor the status of other emerging markets, including the USA – where federal legislation of medicinal cannabis would likely be highly regulated

1 . Source: ODC www.odc.gov.au/publications/export-medicinal-cannabis


AUSTRALIA SHOWING
STRONG GROWTH

ALTHEA BEGAN SUPPLYING MEDICINAL CANNABIS IN AUSTRALIA IN MAY 2018:

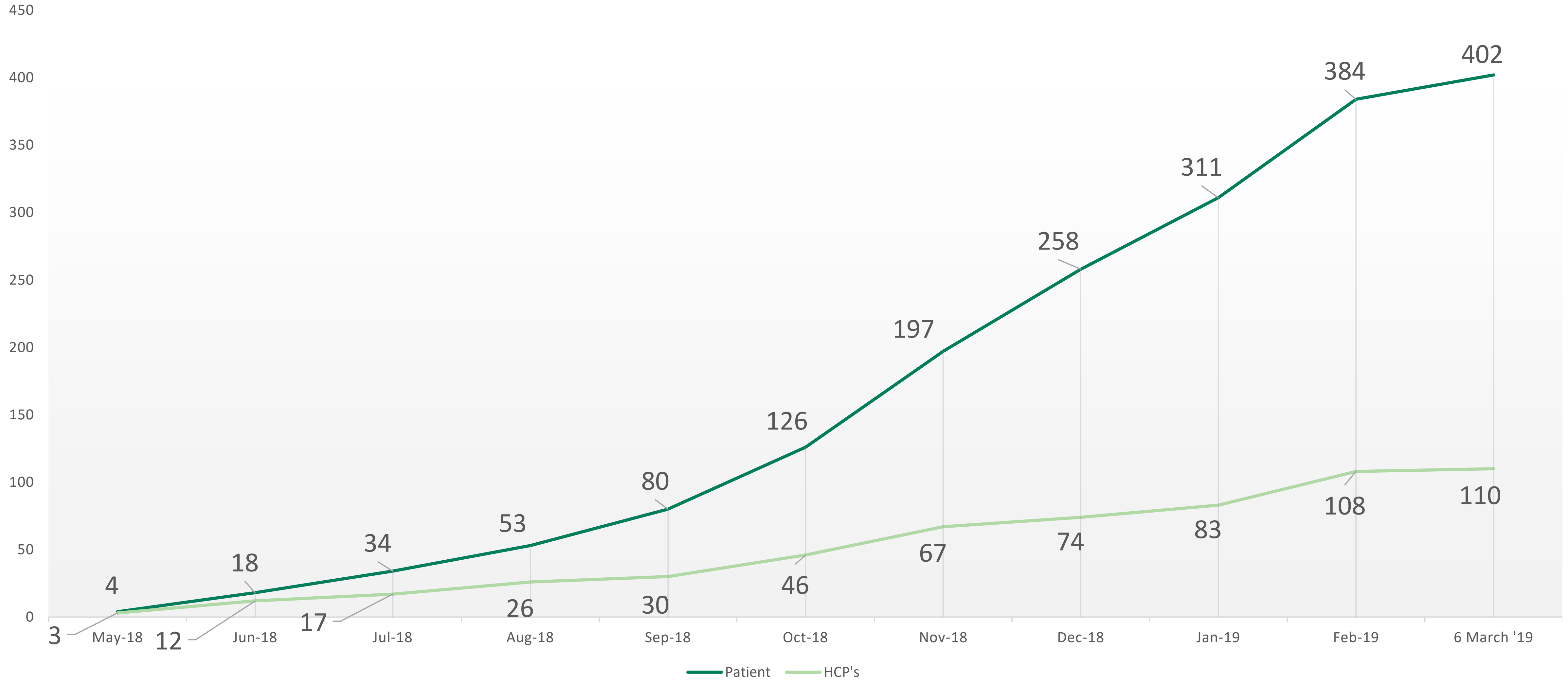
Strong month-on-month patient and prescriber growth:

- **402 patients** were prescribed Althea medicinal cannabis products from May 2018 with average month-on-month increase of 148%
- **110 Healthcare Professionals** (HCPs) prescribed Althea medicinal cannabis from May 2018 with average month-on-month increase of 133%
- 2,993 total SAS B application approvals[1] between May 2018 and January 2019 with average month-on-month increase of 134%
- All Althea patients were prescribed under the care of Specialists and / or GPs. Everyday doctors treating real world patients (not 'observational studies' or 'compassionate programs')

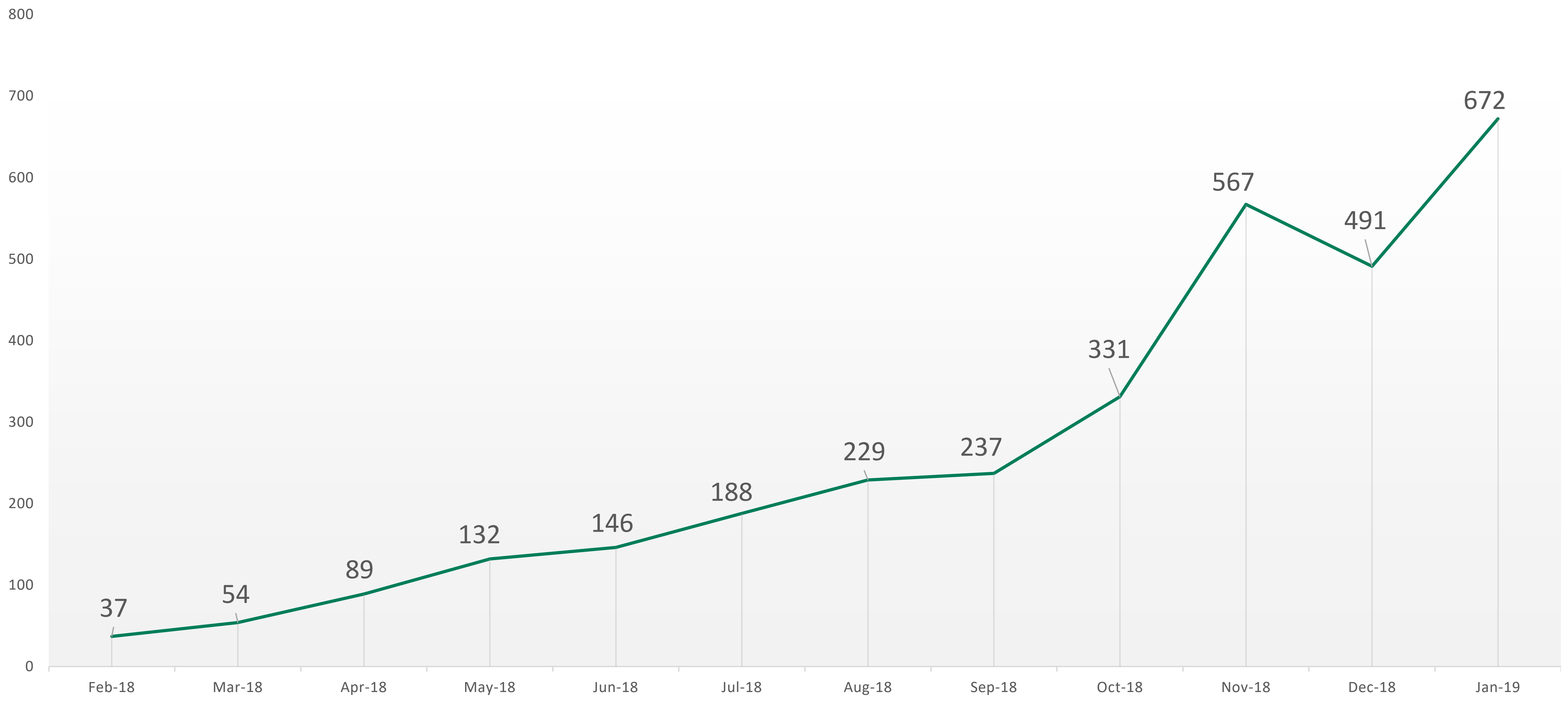
1: Source: TGA - https://www.tga.gov.au/access-medicinal-cannabis-products-1

2 calculated on total SAS B application approvals from May 2018 to January 2018

AUSTRALIA: PATIENT AND HCP GROWTH

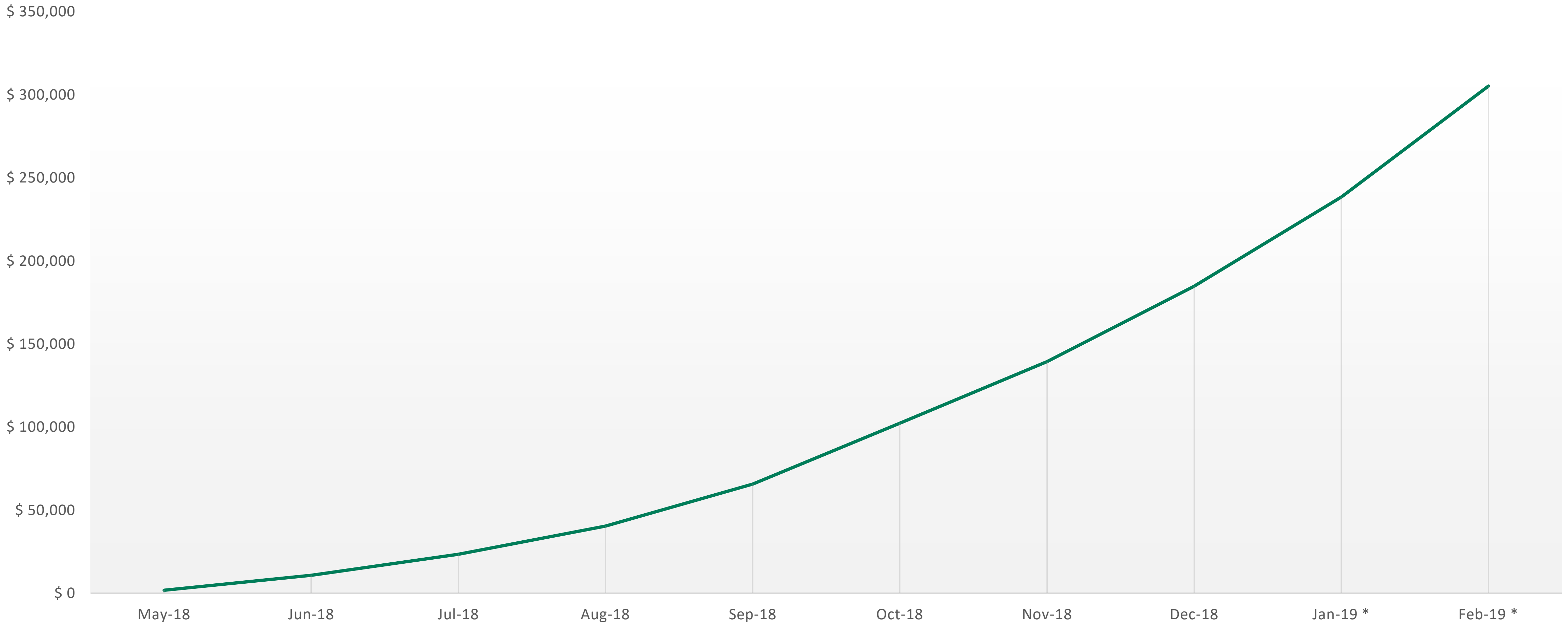


TGA SAS B APPLICATIONS (AUSTRALIA)



Reference - https://www.tga.gov.au/access-medicinal-cannabis-products-1

AUSTRALIA: REVENUE (ACCUMLATIVE)



* May to Dec 2018 from Half Year Accounts and unaudited numbers for January and February 2019

MEDIC
MEDICAL EDUCATION IN CANNABINOIDS

ONLINE MEDICINAL CANNABIS CPD EDUCATION

An online portal offering free, evidence-based education and resources on:

- The endocannabinoid system
- Safety and clinical considerations
- Management of chronic non-cancer pain
- Mental health - COMING SOON

Accredited education – HCPS can receive:

2X

- RACGP QI&CPD points
- ACRRM PDP points

acrrm ACCREDITED ACTIVITY 2017 - 2019

RACGP QI&CPD Accredited Activity CATEGORY 2

Register at **mymedic.org**

Althea™ CONCIERGE

SIMPLIFYING ACCESS TO MEDICINAL CANNABIS FOR PATIENTS, HCPS AND PHARMACISTS

Patients

- Find doctors and information on accessing medicinal cannabis

HCPs

- Complete SAS B applications in as little as 5 minutes and access patient treatment plans

Pharmacists

- Find dispensing and product information for Althea Medicinal Cannabis

Register at **Althea.com.au**

ALTHEA CONCIERGE

REVOLUTIONARY TECHNOLOGY:

Althea Concierge launched in September 2018:

- 211 HCP registrations and 1045 patient registrations to date
- Creating a growing channel that is proactively engaged with Althea, its products and educational content
- Regular updates of the Althea Concierge platform – next major update mid-March 2019, featuring improved SAS B and State application provision
- Increased user uptake will be a focus in 1H 2019, predominantly through dedicated marketing activity and MEDIC launch
- Althea Concierge is a complimentary service. Althea believes patients have the right to talk to 'everyday' doctors about medicinal cannabis, including bulk-billing clinics
- The awareness of Althea Concierge to and within the public will increase in line with HCP registrations, which will drive patients through to the platform

CANNABIS PRODUCTION

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PRODUCTION:

Althea permits and licenses:

- Althea Australia has been granted all required Australian Office of Drug Control (ODC) licenses for its operations including Import, Cultivation, Manufacturing and Export licenses
- Design of ODC approved state-of-the-art production facility finalized
- Planning permit lodged November 2018
- Expected completion of production facility [Q4, 2019]
- Domestic production [early] 2020
- Althea UK is expecting medicinal cannabis import permits from the UK Home Office imminently
- UK exports from Althea's Australian facility expected 1H 2020
- Production facility to provide seed-to-sale business model with existing distribution channels in Australia and the UK

FULLY LICENSED:

ODC Licenses explained:

- The Office of Drug Control (ODC) has granted Althea the full suite of applicable licenses in Australia for it to execute its business plan in accordance with relevant permits, including:
- Cultivation and Manufacture licenses – providing Althea with the right to grow and manufacture its own medicinal cannabis products at its upcoming facility. Althea intends to use these licenses to produce its own medicinal cannabis products for distribution in the Australian market from 2020
- Import license - providing Althea with the right to import finished medicinal cannabis products ready for distribution to patients in Australia. Althea is expecting its second major shipment of Althea medicinal cannabis products from Canada in March 2019
- Export license – providing Althea with the right to distribute its Australian produced medicinal cannabis products. This license will provide Althea with the ability to export Althea medicinal cannabis products into other jurisdictions and if such expansion is supported by an appropriate business case
- Althea is one of only a small number of companies in Australia to be granted the above licenses for medicinal cannabis

ALTHEA FACILITY

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CUSTOM BUILT FACILTY – NOT RETROFITTED:

- Althea is building a world class production facility:
  - Establishing a medicinal cannabis cultivation, cannabinoid extraction and manufacturing facility is a key milestone in Althea's business plan
  - The **fully funded** ODC approved 4,080m² cultivation, extraction and manufacturing facility is fully scalable with the option to increase to 21,000 m²
  - Althea initially aims to produce approximately 3,000kg of cannabis each year and up to 20,000kg at maximum capacity
  - Althea has a long-term supply agreement with Aphria Inc., one of Canada's largest cannabis-producing companies licensed by Health Canada
  - Althea has entered into a 30-year lease for a 10-acre parcel of land in Victoria
  - Althea expects to distribute its own high-quality medicinal cannabis product grown and manufactured through its facility through its existing distribution channels in early 2020

PROFIT AND LOSS — 31 DECEMBER 2018

Althea

	Half-year Ended 31 December 2018 $'000	Half-year Ended 31 December 2017 $'000
CONTINUING OPERATIONS		
Revenue	174	-
Interest income	8	-
Total revenue	**182**	**-**
Cost of goods sold	(71)	-
Distribution expense	(31)	(12)
Employee benefits expense	(417)	(140)
Marketing	(864)	(1)
Depreciation and amortisation expense	(1)	-
Professional services	(311)	(6)
Occupancy	(68)	(25)
Administration	(680)	(3)
Finance costs	(4)	(1)
Other expenses	(101)	(44)
Loss before income tax	**(2,366)**	**(106)**
Income tax expense	-	-
Loss after income tax	**(2,366)**	**(106)**

BALANCE SHEET — 31 DECEMBER 2018

	Note	As at 31 December 2018 $'000	As at 30 June 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents		14,874	2,300
Trade and other receivables	4	111	66
Prepayments		646	648
Inventories		125	85
Financial assets		5,200	200
Other current assets		215	-
Total current assets		**21,171**	**3,299**
Non-current assets			
Property, plant and equipment		434	-
Intangible assets		157	-
Total non-current assets		**591**	-
Total assets		**21,762**	**3,299**

	Note	As at 31 December 2018 $'000	As at 30 June 2018 $'000
LIABILITIES			
Current liabilities			
Trade and other payables		237	151
Employee provisions		31	12
Total current liabilities		**268**	**163**
Net assets		**21,494**	**3,136**
EQUITY			
Issued capital	9	25,732	5,007
Retained earnings		(4,238)	(1,871)
Total equity		**21,494**	**3,136**


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THANK YOU

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