



ASX RELEASE (12 MAY 2020)

THC Global acquires leading medicinal cannabis clinic network Tetra Health

Investment Highlights:

- THC Global has acquired Tetra Health, a leading clinic network in Australia that facilitates Australian patients' access to legal medicinal cannabis
- Tetra's network of medical practitioners comprises over 600 referring physicians, 30 prescribing physicians and a national network of dispensing pharmacies
- Tetra has over 1,100 active Australian patients and more than 10,000 prospective patients
- Tetra generates revenue primarily from patient consultation fees and from the supply of de-identified data and evidence generated from patient management
- Post-acquisition, Tetra will pursue a number of growth plans including expanding its current network of partnerships with private hospitals and medical centres in Australia and exploring the potential to launch in new regions including New Zealand
- Pursuant to the Share Sale Agreement, completion of the acquisition is expected to occur on or around Monday, 25 May 2020
- Total consideration is \$2.5 million in THC Shares and \$500,000 in cash to be paid to Vendors over six months as well as 5 million Unlisted Options exercisable at \$0.40 expiring two years after issue

THC Global Group Limited (**THC Global** or the **Company**) (ASX:THC) is pleased to announce the Company's acquisition of Tetra Health (**Tetra**), a leading clinic network in Australia facilitating access to legal medicinal cannabis medicines to Australian patients.

Tetra Health Overview

Tetra operates a clinic network connecting patients and medical practitioners to prescribers of medicinal cannabis medicines in Australia. Tetra's medical practitioner network is significant, with over 600 referring physicians, 30 prescribing physicians and a national network of dispensing Pharmacies. Additionally, Tetra has over 10,000 prospective patients within its current database, and currently supports over 1,100 active Australian patients.

Tetra has developed a proprietary patient engagement and monitoring solution enabling; secure patient onboarding, automation of Special Approval Scheme and Therapeutic Goods Administration applications, better patient management and ongoing monitoring through Tetra's specialist nurses, follow up physician consultations, and unique, valuable patient data accumulation for medicines producers. The majority of Tetra patients attend physician consultations using a web-based telehealth platform, however, Tetra also processes patients through its growing prescribing physician network.

Through its physician network and digital health platform, Tetra collects valuable real-world evidence generated during the patient onboarding and management process.

This data is highly sought after by producers of medicines as it can be used to enable data-driven product decisions and actionable treatment insights to assist in clinical trials or observational study designs that advance the safety and efficacy of medical cannabis in Australia. Tetra currently has a number of global medicinal cannabis producers signed to agreements to access this data on their own products.



Acquisition of Tetra Health

Together, Tetra and THC Global are well equipped to rapidly increase the number of Australian patients using legal medicinal cannabis medicines, by increasing accessibility through simplifying the process of doctors consultations and TGA approvals, as well as supplying the Company's high quality, low patient cost medicinal cannabis medicines.

Tetra generates revenue primarily from patient consultation fees and from the supply of de-identified data and evidence generated from patient management. On acquisition, Tetra will be operating at cash flow breakeven, with an expectation of near term profitability as patient numbers increase through 2020.

Following the acquisition, Tetra will remain a product-agnostic solution for patients and medical professionals accessing medicinal cannabis under the Australian regulatory scheme. Tetra's doctors currently prescribe products produced by Althea (ASX: AGH), MGC Pharma (ASX: MXC), Little Green Pharma (ASX: LGP), Medropharm, Medlab (ASX: MDC), CannaPacific, Satipharm (a subsidiary of Harvest One, CVE: HVT) and Bedrocan (TSXV: BED), and will introduce the Company's Canndeo medicines as they become available for prescription in the coming weeks.

Growth Potential for Tetra and THC Global

Through the acquisition of Tetra, THC Global is advancing the industry across the chain, enabling the Company to increase accessibility and reduce costs of medicinal cannabis medicines to Australian patients, by cutting out intermediary markups and handling costs.

Tetra has an exclusive agreement with a national private hospital group, which provides access to Tetra's medical cannabis treatment support and education services, at locations across Australia with an addressable annual patient population in excess of 20,000 patients.

Post-acquisition, Tetra and THC Global will pursue a number of expansion opportunities, including expanding its current network of partnerships with private hospitals and medical centres in Australia, and exploring the potential to launch in new regions including New Zealand.

Staff and Continuity of Services

In conjunction with the acquisition, THC Global has secured the services of all staff from senior management through to nursing and business support. This ensures continuity of the Tetra service offering and commercial relationships and enables THC Global to instantly maintain an active patient cohort whilst enhancing the business to increase scale and scope of the current operations and ready Tetra for new growth opportunities.

Following the acquisition, THC Global will maintain Tetra's autonomy and does not anticipate any changes to the current operations, product offering, or fundamental business ethos of Tetra. This will provide Tetra's patients and business relationships with full confidence of continued operations at the existing reputed levels of service and support.

Tetra Health Medical Advisory Board

Tetra has a well-credentialed Medical Advisory Board with eminent members including:

- Prof. Andrew McLachlan AM: Head of School and Dean of Pharmacy at the University of Sydney, Sydney Pharmacy School. Program Director of the NHMRC Centre for Research Excellence in Medicines and Ageing.
- Prof. Stephen Clarke OAM: Professor of Medicine at the University of Sydney, Oncology Advisor to the Department of Veteran's Affairs, Member of the Repatriation Pharmaceutical Review Committee, and Medical Oncologist at the Royal North Shore Hospital and Northern Cancer Institute.
- Dr Mona Singh: Medical Director at Bupa and Member of the Central and Eastern Sydney Primary Health Network's Clinical Advisory Committee.
- Dr Samuel Bannister: Team Leader in Medicinal Chemistry with The Lambert Initiative for Cannabinoid Therapeutics.

- Assoc. Prof. Kellie Charles: Head of the Cancer Therapeutics Research Group at the University of Sydney.

The members of the Medical Advisory Board have confirmed they will remain on the Board following the acquisition of Tetra by the Company.

Acquisition Terms

Metra Holdings Pty Ltd is the sole shareholder of Tetra Pty Ltd trading as Tetra Health. Under the Share Sale Agreement, the Company is acquiring Metra Holdings Pty Ltd from the vendors, Meta Growth Corp (TSXV: META) and Barcoo Holdings Pty Ltd who own 30% and 70% respectively (together, the **Vendors**).

Pursuant to the Share Sale Agreement, completion of the acquisition is expected to occur on or around Monday, 25 May 2020.

The consideration for the acquisition under the Share Sale Agreement is being paid on a staged basis as per the following table:

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| Stage 1 At Completion | 4,500,000 THC Shares issued at \$0.25 per share; 5,000,000 Unlisted Options exercisable at \$0.40 expiring two years after issue; and \$250,000 cash The Vendors have agreed to voluntarily place a holding lock on the THC Shares and Options issued in this stage for a period of 12 months, restricting their sale, transfer, etc. |
| Stage 2 Three months after Completion | \$750,000 in THC Shares, with the issue price calculated as the lower of 105% of the 10 trading day VWAP prior to issue date or \$0.35; and \$125,000 cash |
| Stage 3 Six months after Completion | \$625,000 in THC Shares with the issue price calculated as the lower of 105% of the 10 trading day VWAP prior to issue date or \$0.40; and \$125,000 cash |

Total consideration value of the acquisition is \$2,500,000 in THC Shares and \$500,000 in cash paid out over a six month period from Completion. Additionally, if the Vendors exercise their Unlisted Options, the Company will receive \$2,000,000 in cash from the Vendors. Assuming that the Stage 2 THC Shares are issued at \$0.35 and Stage 3 THC Shares are issued at \$0.40, the total number of shares being issued by the Company will be 8,205,357 Shares (5.48% of the Company post dilution). The THC Shares and the Unlisted Options are proposed to be issued under the Company's issue capacity under Listing Rule 7.1. The cash consideration will be funded from the Company's existing cash.

THC Global CEO Ken Charteris said: "We are very pleased to have acquired Tetra Health. Through this acquisition, we will be able to rapidly increase the number of Australian patients can access cannabis, including our own high-quality low patient cost products. Going forward, we will look to further broaden the current network and potentially expand across the Tasman and other regions. THC Global believes this acquisition will deliver exceptional value to our shareholders."

For further information, please contact:



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ASX release authorised by THC Global's Management Committee – the Chairman, Deputy Chairman, and CEO.

THC Global Group Limited (ASX: THC) thc.global

THC Global is a diversified global cannabis company with primary operations in Australia and Canada. THC Global is the first ASX listed entity to fully own and operate commercial medicinal cannabis production facilities under Australia's cannabis regulations. THC Global's Southport Facility is one of the largest pharmaceutical GMP cannabis manufacturing facilities in the world. THC Global also owns and operates Crystal Mountain, a profitable, fast growing hydroponics equipment and supplies wholesaler and retailer servicing the rapidly expanding cannabis sector in North America, and Europe.