

THC Global Group Ltd

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16:06 03 Aug 2020

THC Global plans to accelerate medicinal cannabis production on back of strong June quarter

THC Global Group Ltd (ASX:THC) reached several milestones in the June quarter, supplying its first Australian patient with Canndeo branded medicinal cannabis medicines produced at its Southport Facility.

The roll-out of the full suite of the Canndeo medicines range is continuing throughout this quarter and will see the launch of eight new medicine formulations for Australian patients.

THC is also preparing for its maiden export of Canndeo branded medicines to Europe and Canada, with supply expected to commence in quarter three for Canada and quarter four for Europe.

New Zealand exports

In addition to medicinal cannabis sales under the Canndeo brand, THC is now a manufacturer for both Cannatrek and Medleaf Therapeutics.

Under the agreements with Cannatrek and Medleaf, THC will produce and white-label cannabis medicines under those respective brands for sale in the Australian and New Zealand market.

The initial export order to New Zealand worth \$260,000 is expected to be delivered by the company in October.

Tetra Health

The Company's newly acquired clinic network, Tetra Health, has seen significant growth since acquisition with an increase of over 30% in patient enquiries in June alone.

Tetra Health is a key strategic asset for the company in seeking to bridge the affordability gap for cannabis medicines in Australia by providing low cost of access for new patients and product-independent guidance on medicines.

Hydroponics equipment

As announced in early July, the company's hydroponics equipment and cultivation solutions provider achieved its maiden \$3 million unaudited half-year trading revenue milestone in June 2020, with total first half 2020 unaudited revenue reaching \$3.2 million, being around a 50% increase over the prior period.

The launch of new product and service offerings targeted at the micro-cultivator and home-cultivator sectors through the year is expected to drive further revenue growth.

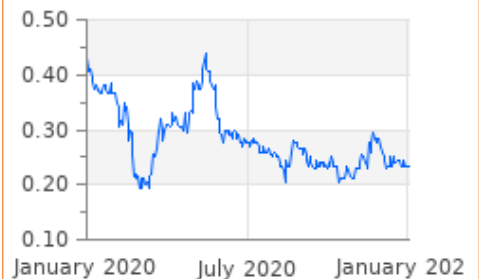
Difficulties in sourcing and transporting of merchandise from major Asian manufacturing hubs experienced in quarter one due to COVID-19 appear to have partially subsided over quarter two.

As the company noted in its quarter one update, these delays have affected the timing of cash receipts from customers

Price: 0.24

Market Cap: \$45.47 m

1 Year Share Price Graph



Share Information

Code: THC

Listing: ASX

52 week High Low
0.46 0.18

Sector: Pharma & Biotech

Website: www.thcl.com.au

Company Synopsis:

THC Global Group Ltd (ASX:THC), formerly The Hydroponics Company Ltd operates under a pharmaceutical model and is currently delivering high quality medicinal cannabis products to Australian patients through the existing access schemes.

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but is unlikely to significantly affect revenue over a longer time scale given pending customer orders are fulfilled as stock is landed in Canada.



THC is preparing for its maiden export of Candeo branded medicines to Europe and Canada

\$8.1 million capital raising

During the quarter, the company completed an institutional placement to raise \$6.6 million and a subsequent share purchase plan which raised a further \$1.5 million, taking the total capital raised to \$8.1 million at 30 cents per share.

Funds will be primarily applied towards enhancing the THC's working capital position as medicines production volume increase.

The funds will also be used for growth projects including new pharmacy and prescriber interface technology for Tetra Health and Candeo, as well as additional finished goods production capabilities at the Southport Facility.

Financial outlook

The company recorded cash receipts in quarter two 2020 of \$1.9 million, primarily from its Canadian hydroponics equipment and cultivation solutions business.

Product manufacturing and operating costs increased significantly in quarter one compared to quarter one, which was primarily attributable to an increase in production volumes at the Southport Facility requiring the purchase of additional raw materials.

Revenue from this increased production is expected to be realised in quarter three.

The company has also recorded \$6.6 million in cash receipts from the issues of equity securities during the quarter, being from the institutional placement, however, this does not include the additional \$1.5 million raised in the share purchase plan which closed in mid-July 2020.

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