



ASX Announcement | 12 November 2019  
Althea Group Holdings (ASX:AGH)

## Althea commences German market entry

### INVESTMENT HIGHLIGHTS:

- Signed Memorandum of Understanding with nimbus health GmbH ('Nimbus') for the sale and distribution of Althea's medicinal cannabis products throughout Germany
- Nimbus is a leading wholesale pharmaceutical licence holder based in Frankfurt, Germany, and estimates it has access to 25% of all German medicinal cannabis patients through its pharmacy network
- Althea will develop a localised version of its *Althea Concierge* and MEDIC educational tools for the German market, replicating its highly successful entry strategy into the Australian and UK markets
- A reported 60,000 patients in Germany were treated with medical cannabis last year and this number is expected to rise to 1 million by 2024<sup>1</sup>
- The German market is unique in that health insurers typically cover the entire fee for medicinal cannabis meaning no cost to patients

12 November 2019: **Australian medicinal cannabis company Althea Group Holdings Limited (ASX:AGH) ('Althea' or 'the Company')** is pleased to announce that it has continued its expansion into Europe with its planned entry into the German market. Althea has signed a Memorandum of Understanding ('MOU') with nimbus health GmbH for the sale and distribution of Althea's medicinal cannabis products in Germany through its pharmacy network.

### MOU with Nimbus

Nimbus is an independent and global pharmaceutical wholesaler specialising in the distribution and import of medicinal cannabis products. Nimbus also holds a wholesale pharmaceutical licence and estimates that it has direct access to approximately 25% market share of the medicinal cannabis patients in Germany through its pharmacy network.

Under the MOU, Nimbus will sell and distribute Althea's full suite of pharmaceutical grade medicinal cannabis products under the Althea brand name in Germany. Althea and Nimbus will jointly establish yearly sales targets, marketing and commercial strategies and develop real world anonymized patient data.

Based on expected timelines provided by Germany's Federal Institute for Drugs and Medical Devices (BfArM) and Australia's Office of Drug Control (ODC), the Company anticipates the first shipment of Althea's medicinal cannabis products to arrive in Germany early in the first half of 2020. Relevant applications for import and export permits will be lodged now that the MOU has been executed.

### Replication of Australian strategy and relocation of CEO

To support the entry into the German market, Althea is following the same strategy that has been successfully implemented in Australia and the UK. Althea will develop a localised version of its *Althea Concierge* platform and its Medicinal Education in Cannabinoids (MEDIC) learning portal for the German market.

*Althea Concierge* and MEDIC will provide comprehensive medical education for healthcare professionals and streamline the process required to prescribe Althea products. These tools will help fill a gap in the German

<sup>1</sup> Prohibition Partners: *The Germany Cannabis Report*, 28 October 2019



market which, despite being advanced in terms of patient numbers, lacks educational initiatives focused on clinical evidence and patient access to medicinal cannabis.

Through these initiatives, and with Nimbus' substantial market position, Althea believes that it will be ideally positioned to compete in the German market and quickly build market share.

Althea CEO Josh Fegan will be relocating to London early in 2020 to drive the scaling up of Althea's UK business along with coordinating the Company's expansion into Germany.

Althea's global headquarters will remain in Melbourne and the Company has an exceptional Australian management team in place to ensure it maintains its market leading position, domestically.

### Germany set to become leading market in Europe

With a population of 82.3 million and a favourable regulatory environment, Germany's medicinal cannabis market is expected to become one of the largest in Europe.

According to a report on the German cannabis market published by cannabis intelligence firm Prohibition Partners last month<sup>2</sup>, Germany has become a leading power in the European cannabis industry since legalising medical cannabis in 2017 and is poised to be a major player in the global market in the coming years.

The report found that 60,000 people were treated using medicinal cannabis in 2018 with an estimated value of €73.7 million. Based on current data, Prohibition Partners predicts that by 2024, over one million German patients will have access to medical cannabis and that by 2028 the medical cannabis market will be worth €7.7 billion.

In the shorter term, a separate study published this year by Arcview Market Research in partnership with BDS Analytics<sup>3</sup> predicts that Germany will dominate Europe's legal cannabis market, reaching a value of over \$1 billion by 2022.

The report noted that while legal cultivation began in Germany this year, imports will remain important due to the fact that domestic supply will be insufficient to meet rising demand. The report highlighted that rapid patient growth is expected in the country due to health insurers typically covering the entire fee for medicinal cannabis, with current approval rates from health insurance providers upwards of 70%.

**Althea CEO Josh Fegan said:** "We are very pleased to have entered into this MOU with Nimbus. Working within an existing and successful distribution channel in Germany is a low risk and high reward strategy for us. The regulatory and social acceptance of medicinal cannabis use in Germany is favourable and we are expecting immediate patient growth in what is one of Europe's largest and most affluent countries. I am looking forward to relocating to London so that I can oversee the next phase of growth in our UK operations and facilitate a timely entry into the German market, during what is an exciting period for Althea and its shareholders."

**Nimbus Founder and CEO Linus Maximilian Weber said:** "Nimbus engages with partners following extensive and careful testing to deliver the highest quality products to our patients. We are excited to work with a highly reputable partner like Althea and deliver such high-quality products to the pharmacies in our network who are covering approximately 25% of the existing medical cannabis market in Germany."

-ENDS-

<sup>2</sup> Prohibition Partners: *The Germany Cannabis Report*, 28 October 2019

<sup>3</sup> Arcview Market Research & BDS Analytics: *The State of Legal Marijuana Markets*, 6<sup>th</sup> edition, 2019

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**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)**

**About nimbus health GmbH**

nimbus health GmbH is a global pharmaceutical wholesaler with a focus on distribution and import of Medical Cannabis. Nimbus holds a German GDP licence and the licence of the Bundesopiumstelle which permits the trade of narcotic drugs. Our products and services make sure that seriously ill patients are supplied in a continuous manner. It is Nimbus' commitment to provide Medical Cannabis to patients in Germany in a substantial and continuous way. Nimbus sees the patient's welfare as its highest priority in daily operations.

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

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