

THC Global Group Ltd

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THC Global Group moves to product validation ahead of medicinal cannabis supply

- The group is headquartered in New South Wales and spent \$1.8 million in the September 2019 financial quarter after raising \$325,000 from investors as they exercised options.
- Australian and Canadian company THC collected \$1.1 million in customer receipts in the period, with its Canadian hydroponics equipment division reporting an unaudited year-to-date revenue of more \$3 million.
- The Canadian division's quarter-over-quarter cash receipt increase in the September 2019 was a notable 80% gain.
- THC has a market capitalisation of about \$53.3 million and plans to spend about \$2.3 million in the December quarter to progress its work program.

Now we can ... start preparing ourselves for the first batch of cannabis to come into our facilities for validation before the end of the year.

THC Global Group group chief executive officer Ken Charteris told Proactive today

THC Global Group Ltd (ASX:THC) (FRA:9TH) (OTCMKTS:HDRPF) has added a \$1.1 million loan repayment to its coffers since the end of the September quarter as it expects continued option exercises from its investor base.

The New South Wales-headquartered company held \$4.02 million at the end of the September 2019 financial quarter after writing \$1.1 million in customer receipts during the period and collecting \$325,000 from investors as they exercised options.

A Canadian hydroponics equipment division reported unaudited year-to-date revenue of more \$3 million in the September quarter.

THC reported, "The stronger results in Canada were driven by the company's strategic focus on the retail market including targeting holders of a commercial micro-cultivation licence and individuals registered with Health Canada for personal cultivation of cannabis for medical purposes."

The milestone sum from subsidiary Crystal Mountain included an 80% quarter-over-quarter cash receipt increase to \$1 million, experienced despite a depreciation in cannabis company valuations on capital markets this year.

Continued revenues are expected this quarter.

Another milestone this quarter

THC highlighted its September 2019 quarter achievements in a quarterly update today, flagging it had secured Controlled Substances and Prescription

Price: 0.24

Market Cap: \$42.23 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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Drugs manufacture and wholesale licences in the period.

THC Global Group group chief executive officer Ken Charteris spoke to Proactive Investors today about the company's approvals milestone and its expected achievements in the next six months.

Charteris said, "It's a significant step forward. We now (have) S4-S8 facilities in Bundaberg and in Southport.

"That allows us to bring forward our two analytical labs — (the) labs are really set up on cannabis, so now we can actually start preparing ourselves for the first batch of cannabis to come into our facilities for validation before the end of the year.

Charteris said the company was now in what some were calling "go mode" as it made rapid progress.

THC hopes to validate its product this year and move towards supplying medicinal cannabis to Australian patients early in 2020.

Approvals were a 'major milestone'

In its market update today, the group described government approvals it received in the September 2019 quarter as a "major milestone" for a start to commercial-scale production at its Southport Facility on Queensland's Gold Coast.

THC's Southport production facility is considered the largest bio-floral pharma extraction facility in the Southern Hemisphere.

The large pharmaceutical manufacturing facility was opened in August 2019 by Australian Health Minister Greg Hunt.

Another achievement for THC in the September 2019 quarter was additional licences for the use of on-site analytical lab equipment at Bundy facility and Southport.

This helped reduce product development cost and strengthen quality assurance and safety capabilities — advantages likely to continue to affect the bottom line in the coming quarter.

New Zealand sales laying a 'foundation'

A New Zealand product shipment of Endoca CBD sold out in October 2019, in a distribution sales milestone.

Product sales in New Zealand are "laying a foundation for distribution of THC Global's own Australian manufactured products in mid-2020," the company reported today.

Charteris acknowledged the company's growing presence in New Zealand, in his video interview with Proactive today.

Budget draws on cash and post-quarter funds collection

Global group THC plans to spend \$2.3 million in the December 2019 quarter, including \$365,000 on product manufacturing and \$50,000 on research and development.

Facility running costs are likely to come in at \$264,000 while staff costs are \$600,000.

THC will draw on cash reserves for its planned activities in the December 2019 quarter.

The company held \$4 million cash at the end of the September 2019 period and added \$1.1 million to its holdings in October 2019, after receiving a loan repayment.

THC Global Group expects continued fundraising from options exercises in the coming period after collecting \$325,000 from investors in the September 2019 quarter as they exercised options.

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