

Alternate Health Corp. Reports Second Quarter 2017 Financial Results

Second Quarter Revenue of \$7.2 Million up 87% From the First Quarter

DALLAS, TX, Aug. 8, 2017 /CNW/ - **Alternate Health Corp.** (Alternate Health) (CSE: AHG, OTC: AHGIF), an international medical cannabis/CBD company that uses best in class technology, research, education, production and laboratories to increase the awareness, regulatory compliance, and appropriate usage of cannabinoids in modern medical practices, today announced its results for the second quarter ending June 30, 2017. All dollar references in Canadian dollars unless otherwise noted.



Second Quarter 2017 Financial Highlights

- Q2 Revenue of \$7.2 million increased 87% compared to \$3.9 million in Q1 of 2017 Revenue was Nil in Q2 of last year
- Adjusted EBITDA of \$25k compared to \$1.4 million in Q1 of 2017 and Nil in Q2 2016
- Net loss of \$3.6 million compared to a loss of \$0.6 million in Q1 of 2017 and up from a loss of \$0.1 million in Q2 of last year
- Working capital of \$7.5 million compared to \$10.5 million in Q1 of 2017 and \$0.5 million at year end 2016
- Total assets of \$30.5 million compared to \$30.9 million in Q1 of 2017 and \$28.2 million from year end 2016
- The company ended the quarter with \$5.7 million in cash on hand and \$0.5 million in debt

During the quarter, Alternate Health continued to invest in growth opportunities in its Laboratory, Life Sciences and Technology businesses, while effectively managing its cash resources for growth in its existing operations. It made significant investments in people and other key resources to support growth in all its business sectors but particularly in its Laboratory business which saw revenue growth of \$ 6.9 million in the quarter. Cash used for significant strategic capital investments in the quarter included \$1.6 million in securities of National Access Cannabis, \$506,000 in Life Sciences CBD delivery system licenses and Continuing Education programs as well as \$438,000 in equipment.

Second quarter net loss of \$3.6 million includes a \$3.4 million non-cash charge relating to equity awards computed using fair market valuation modeling as required by accounting guidance. Additionally, the Company recognized a foreign exchange charge of \$200,000 in the second quarter compared to a foreign exchange credit of \$150,000 in the first quarter of 2017. This swing was due to currency exchange fluctuations between the Canadian dollar and the US dollar during the quarter which saw the strengthening of the Canadian dollar.

Note – Alternate Health Corp ("the Company") was formed in January 2017 from a reverse take-over of a privately held operating company, Alternate Health Inc. ("AHI"). Per the accounting guidance, the Company's current year quarterly operating statements are compared to the same prior year periods of AHI. Similarly, the Company's balance sheets for the current year quarter end periods are compared to the same prior year periods for AHI.

Management Commentary

"We are very pleased with the second quarter results, especially the very significant growth in our lab business, said Dr. Murphy the Company's Chairman and CEO. "We are also delighted with our progress in our other business lines and the important initial deployment of our CanaCard practice management software in Canada."

Second Quarter 2017 Operational Highlights

- Reached an agreement to launch CanaCard Patient Management System in National Access Cannabis (NAC) clinics across Canada. NAC operates ten clinics across Canada, with a specific focus on connecting patients with clear information on the legal treatment options available. This is a very strategic investment expected to impact the growth of our CanaCard business.
- Announced strategic changes in the operational structure of its wholly-owned clinical laboratory, Alternate Health Laboratory, Inc. ("AHL") to maximize profitability while also positioning AHL to service a potentially larger base than currently available. AHL will be transitioning from a reference laboratory servicing hospital client to a full-service clinical laboratory providing toxicology, blood, and pharmacogenetics testing on samples sent directly to AHL by physicians and other healthcare providers.
- Entered into an agreement to acquire the Neubauer Hyperbaric Neurological Center in Florida to be used to facilitate ongoing research and the study of CBD and. Hyperbaric Oxygen Treatment.

Second Quarter 2017 Corporate Financial Summary

\$ in Millions, except per share data or otherwise noted	2017				Second Quarter			First Half		
	Q1	2017	2016	Change	2017	2016	Change	2017	2016	Change
Revenue	\$3.9	\$7.2	\$ -	\$7.2	\$11.1	\$0.1	\$11.0			
IFRS Net Loss	(\$0.6)	(\$3.6)	(\$0.1)	(\$3.6)	(\$4.9)	(\$0.2)	(\$4.7)			
IFRS Net Loss Per Share	(\$0.02)	(\$0.07)	\$ -	(\$0.07)	(\$0.09)	(\$0.01)	(\$0.08)			
EBITDA ⁽¹⁾	(\$0.4)	(\$3.6)	(\$0.1)	(\$3.6)	(\$4.1)	(\$0.1)	(\$4.0)			
EBITDA Margin	(11.0%)	(51%)	(245%)	194 pts	(37%)	(163%)	126 pts			
Non-IFRS Adjusted Net Income (Loss) ⁽²⁾	\$1.1	\$34k	(\$0.1)	\$0.1	\$1.1	(\$0.2)	\$1.3			
Adjusted EBITDA ⁽²⁾	\$1.4	\$25k	(\$0.1)	\$0.1	\$1.4	(\$0.1)	\$1.4			
Adjusted EBITDA Margin	35.3%	0%	(245%)	245 pts	12%	(163%)	175 pts			

⁽¹⁾ Adjusted earnings before interest, taxes, depreciation and amortization

⁽²⁾ A reconciliation of IFRS to non-IFRS adjusted results is included in this press release and our Management Discussion and Analysis dated May 30, 2017 and available at www.sedar.com.

About Alternate Health Corp.

Alternate Health Corp. (CSE:AHG, OTCQB:AHGIF) is an international medical cannabis company that uses best in class technology, research, education, production and laboratories to increase the awareness, regulatory compliance, and appropriate usage of cannabinoids in modern medical practices. The company is strategically positioned in all facets of the medical cannabis value chain through the innovative integration of proprietary technology and know-how, acquisitions and partnerships, deep direct knowledge of and experience with improving patient outcomes, and management expertise. The company is well positioned to reinvest internal operating cash flow in its platform over the long term, thus creating an attractive investment profile for its shareholders. The company is headquartered in the Dallas, Texas, Metroplex and has operations in Los Angeles, San Antonio and Toronto. For more information about Alternate Health Corp., visit www.alternatehealth.ca

Neither the CSE nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release. Statements included in this announcement, including statements concerning our plans, intentions and expectations, which are not

historical in nature are intended to be, and are hereby identified as "forward-looking statements". Forward-looking statements may be identified by words including "anticipates", "believes", "intends", "estimates", "expects" and similar expressions. The Company cautions readers that forward-looking statements, including without limitation those relating to the Company's future operations, business prospects and financing plans, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward looking statements. The Company cautions that the EBITDA and adjusted Net Income figures reported in this new release do not have standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

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