



Alternate Health Corp. Reports First Quarter 2017 Financial Results

Company Generates Revenue of \$3.9 Million and Adjusted EBITDA of \$1.4 Million – (35 Percent) During Its First Quarter as an Operating Public Company

Dallas, Texas--(Business Wire)--May 30, 2017—[Alternate Health Corp.](#) (Alternate Health) (CSE: AHG, OTC: AHGIF), 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, today announced its results for the first quarter ending March 31, 2017. All dollar references in Canadian dollars unless otherwise noted.

First Quarter 2017 Financial Highlights

- Revenue of \$3.9 million compared to Nil in Q1 of last year
- Adjusted EBITDA of \$1.4 million compared to Nil in Q1 2016
- Net loss of \$0.6 million, up from a loss of \$0.1 million in Q1 of last year
- Working capital of \$10.5 million, up from \$0.5 million at year end 2016
- Total assets of \$30.9 million, up \$28.6 million from year end 2016
- The company ended the quarter with \$11 million in cash on hand and \$0.5 million in debt

Revenue for the quarter was driven by strong performance from Alternate Health Labs, a clinical laboratory acquired in January of this year. The net loss of \$0.6 million was in part due to \$1.6 million of non-recurring, non-cash expense. We raised \$11.1 million in new capital during the first quarter and generated \$0.2 million cash from operating activities. We also placed \$1.0 million in strategic partner investments.

For the first quarter 2017, Net loss per share (Per International Financial Reporting Standards or "IFRS") was \$0.02 and non-IFRS fully diluted earnings per share was a positive \$0.03. Adjusted net income was \$1.1 million compared to negative \$0.1 million for the same period last year.

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 first quarter operating statement ending March 31, 2017 is compared to the first quarter 2016 of AHI. Similarly, the Company's balance sheet at March 31, 2017 is compared to the December 31, 2016 balance sheet for AHI.

Management Commentary

“We are very pleased with the financial and operational performance during our first active quarter as Alternate Health Corp.” said Dr. Jamison Feramisco, CEO, Alternate Health. “We achieved outstanding financial growth, raised significant new capital and completed several key strategic acquisitions and investments. Adjusted EBITDA for the quarter was \$1.4 million and we generated positive operating cash flow.”

“Following a successful financial start with Alternate Health Labs demonstrating sustained growth, we look forward toward making continued progress across our diverse operational divisions including an expanded focus on deploying our CanaCard and VIP-Patient technologies in the United States and Internationally. We have a unique opportunity to drive innovation and corporate revenues by deploying our novel regulatory, compliance, and therapeutic delivery solutions across the medical cannabis ecosystem.”

First Quarter 2017 Operational Highlights

- Alternate Health Corp. successfully listed its shares for trading on the OTC bulletin board under the ticker symbol AHGIF (CSE:AHG).
- Acquired Alternate Health Labs as a key business unit of Alternate Health Corp., dramatically increased Alternate Health Lab's monthly sample volume with sample volume in March compared to January of 188%, and expanded clinical testing menu to include blood samples.
- Secured exclusive licensing rights to transdermal and sublingual dissolvable tablets for the delivery of Cannabinoid and other cannabidiol (CBD) products.
- Obtained AMA PRA Category 1 Credit™ approval for the first continuing medical education programs on the use of medical marijuana and cannabinoids for physicians.
- Secured access to leading healthcare industry data analytics platform and custom applications for use in the medical cannabis and cannabinoid industry.

First Quarter 2017 Corporate Financial Summary

<u>\$ in Millions, except per share data</u>	<u>Q1 2017</u>	<u>Q1 2016</u>	<u>Change</u>
Revenue	\$3.9	\$ -	\$3.9
IFRS Net Loss	(\$0.6)	(\$0.1)	(\$0.5)
IFRS Net Loss Per Share	(\$0.02)	\$0.00	(\$0.02)
EBITDA ⁽¹⁾	(\$0.4)	\$ -	(\$0.4)
EBITDA Margin	(11.0%)	(87.4)%	76.4 pts
Non-IFRS Adjusted Net Income (Loss) ⁽²⁾	\$1.1	(\$0.1)	\$1.2
Non-IFRS Adjusted Net Income Per Share – Diluted ⁽²⁾	\$0.03	\$ -	\$0.03
Adjusted EBITDA ⁽²⁾	\$1.4	\$ -	\$1.4

Adjusted EBITDA Margin

35.3%

- %

35.3 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

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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.

ALTERNATE HEALTH CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31,2017 (Unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash	\$ 11,026,546	\$ 570,003
Accounts receivable	2,648,541	-
Due to Alternate Health Labs Inc.	-	248,540
HST receivable	24,175	24,471
Prepaid expenses and deposits	710,644	44,666
Total current assets	14,409,906	887,680
Other assets		
Convertible note receivable	665,200	-
Investments	8,126,423	-
Equipment	2,776,874	7,204
Intangible assets	4,296,301	1,001,928
Equipment in process	28,963	-
Deferred income taxes	587,220	431,220
Total assets	\$ 30,890,887	\$ 2,328,032
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,784,509	\$ 265,088
Income taxes payable	408,719	-
Current portion of deferred revenue	115,361	167,195
Current portion of leases payable	586,620	-
Total current liabilities	3,895,209	432,283
Long-term liabilities:		
Development fees payable to related party	506,528	538,200
Total liabilities	4,401,737	970,483
Total shareholders' equity	26,489,150	1,357,549
Total liabilities and shareholders' equity	\$ 30,890,887	\$ 2,328,032

ALTERNATE HEALTH CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Revenue	\$ 3,870,882	\$ 43,720
Operating expenses		
Amortization of equipment	74,103	616
Amortization of intangibles	48,884	18,305
Consulting fees	999,448	9,764
Interest	18,328	16,819
Lab supplies	582,134	-
Loan interest	18,499	-
Loss (gain) on foreign exchange	(175,306)	5,153
Office and general	150,627	11,295
Professional fees	391,388	15,229
Management fees	809,763	-
Rent and occupancy	229,007	30,462
Research and development	212,982	-
Sales and marketing	1,021,804	-
Salaries and related	656,210	10,043
	<u>5,037,871</u>	<u>117,686</u>
Loss before undernoted items and income taxes	(1,166,989)	(73,966)
Other comprehensive income	583,009	-
Income taxes	64,298	-
Net income	<u>\$ (648,278)</u>	<u>\$ (73,966)</u>
Basic income per common share	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>
Shares used in per share calculation - basis	<u>36,516,999</u>	<u>30,501,250</u>

ALTERNATE HEALTH CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Operating activities:		
Net and comprehensive loss	\$ (648,278)	\$ (73,966)
Amortization of equipment	74,103	616
Amortization of deferred charges	48,884	18,305
Equity earnings, not generating cash	(583,009)	-
Future tax recognition not providing cash	(156,000)	-
Share based compensation charge not requiring cash	1,694,410	-
Change in non-cash working capital items	(205,395)	12,674
Cash provided by (used in) operating activities	224,715	(42,371)
Investing activities:		
Convertible note receivable	(665,200)	-
Purchase of equipment	(21,037)	-
Equipment in process	(28,963)	-
Purchase of Hightimes Holdings Corp shares	(332,982)	-
Internally generated intangible assets	(24,752)	-
Cash on acquisition of subsidiary	8,226	-
Cash provided by (used in) investing activities	(1,064,708)	-
Loss before undernoted items and income taxes	416,430	(73,966)
Financing activities:		
Issuance of share capital	11,125,270	25,000
Long-term liability	-	16,819
Share subscription receivable	-	19,000
Warrants exercised	600,000	-
Lease payments	(397,062)	-
Development fee payments	(31,672)	-
Cash provided by (used in) financing activities	11,296,536	60,819
Increase (decrease) in cash	10,456,543	18,448
Cash, beginning of period	570,003	429,946
Cash, end of period	\$ 11,026,546	\$ 448,394

ALTERNATE HEALTH CORP.
RECONCILIATION OF IFRS TO NON-IFRS FINANCIAL MEASURES
(Unaudited)

Adjusted net income (loss) (Canadian dollars)	First Quarter		
	2017	2016	\$ Change
Net loss - IFRS	\$ (648,278)	\$ (73,966)	\$ (574,312)
Adjusted for:			
Non-cash stock based compensation expense	119,758	-	119,758
Non-recurring public company listing expenses	57,508	-	57,508
Non-cash, non-recurring share compensation to partners	1,612,600	-	1,612,600
Adjusted net income (loss)	\$ 1,141,588	\$ (73,966)	\$ 1,215,554
Weighted average number of outstanding shares used in computing diluted income per share ⁽¹⁾	38,054,970	30,501,250	7,553,720
Adjusted earnings (loss) per share - diluted	\$ 0.03	\$ (0.00)	\$ 0.03

Adjusted EBITDA (Canadian dollars)	First Quarter		
	2017	2016	\$ Change
Net loss - IFRS	\$ (648,278)	\$ (73,966)	\$ (574,312)
Add back (as reflected on AHC consolidated statement of operations):			
Depreciation and amortization	122,987	18,921	104,066
Interest expense	36,827	16,819	20,008
Income tax	64,298	-	64,298
EBITDA	\$ (424,166)	\$ (38,226)	\$ (385,940)
Add back non-cash and non-recurring expenses:			
Non-cash stock based compensation expense	119,758	-	119,758
Non-recurring public company listing expenses	57,508	-	57,508
Non-cash, non-recurring share compensation to partners	1,612,600	-	1,612,600
Adjusted EBITDA	\$ 1,365,700	\$ (38,226)	\$ 1,403,926

ALTERNATE HEALTH CORP.
NOTES TO RECONCILIATION OF IFRS TO NON-IFRS FINANCIAL MEASURES

USE OF NON-IFRS FINANCIAL INFORMATION

The Company occasionally utilizes financial measures not calculated in accordance with generally accepted accounting principles in Canada ("IFRS") in order to provide investors with an alternative method for assessing our operating results in a manner that enables investors to more thoroughly evaluate our financial performance. We also believe these Non-IFRS measures provide investors with a more informed baseline for modeling Alternate Health's future financial performance.

Management uses these Non-IFRS financial measures to make operational and investment decisions, to evaluate the Company's performance, to forecast and to determine compensation. Further, management utilizes these performance measures for purposes of comparison with its business plan and individual operating budgets and allocation of resources. We believe that our investors should have access to, and that we are obligated to provide, the same set of tools that we use in analyzing our results. These Non-IFRS measures should be considered in addition to results prepared in accordance with IFRS, but should not be considered a substitute for or superior to IFRS results. We have provided definitions below for certain Non-IFRS financial measures, together with an explanation of why management uses these measures and why management believes that these Non-IFRS financial measures are useful to investors. In addition, we have provided tables to reconcile the Non-IFRS financial measures utilized to IFRS financial measures.

Adjusted Non-IFRS Measures

Our Non-IFRS measures adjust IFRS Net income, Net income per share - diluted, and EBITDA for non-cash stock-based compensation expense for employees and partners and fees incurred for listing the Company's shares on the Over the Counter ("OTC") market exchange in the United States.

Adjusted EBITDA

Alternate Health uses adjusted EBITDA as a means to assess the overall financial performance of its business without the effects of interest, taxes, depreciation, amortization, non-cash share based compensation and non-recurring expenses associated with listing the Company's stock on the OTC as these items may distort the analysis of certain business trends and hinder comparative analysis with other healthcare businesses competing in our markets.