



9 July 2021

## **Creso Pharma completes import procedure for animal health products in Uruguay as first step in the company's Latin American expansion**

### **Highlights:**

- **Latin American commercial partners Adler Laboratories and Medara S.A. have completed all required import procedures for anibidiol® to be sold in Uruguay**
- **Products can now be sold through vets, specialists retailers and veterinary offices immediately – multiple stockists already earmarked**
- **Follows regulatory approval from Uruguay's Ministry of Agriculture and Animal Feed which made anibidiol® the first ever CBD hemp-based complementary feed approved for pets in Latin America**
- **Creso Pharma to leverage developing footprint in Uruguay to capitalise on growing Latin American market across all business divisions**
- **The LATAM pet market has been valued at US\$8.29Bn in 2021 and is projected to reach US\$11.69Bn in value by 2026<sup>i</sup>**
- **Multiple countries across the region earmarked for near term expansion including Mexico and Brazil which provide low risk and high yield opportunities for Creso Pharma**
- **Recent regulatory shift in Mexico to decriminalise recreational cannabis use could provide a major opportunity<sup>ii</sup> – Creso Pharma to establish a strategy to expedite market entry**
- **Mexico has a population of over 127m people – with recent court ruling unlocking a significantly large addressable market for Creso Pharma's leading product suite**
- **Go to market strategies and scale up initiatives to capitalise in Latin America are well progressed**

**Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company')** is pleased to advise that its Latin American commercial partners Adler Laboratories and Medara S.A., have completed all required import procedures for the Company's animal health products, anibidiol®, which can now be sold throughout Uruguay. This marks the commencement of the Company's broader expansion through the Latin American region.

The completion of the import protocol follows initial regulatory approval from Uruguay's Ministry of Agriculture and Animal Feed (Ministerio de Ganadaria, Agricultura y Pesca) (refer ASX announcement: 21 December 2021), which made anibidiol® the first ever CBD hemp-based complementary feed approved for pets in Latin America.

anibidiol® products will now be made available to a large number of veterinary shops and other specialists retailers across the country. Initially, Creso Pharma will focus on the sale of the 8mg plus concentrates, to support stress management in dogs and cats.

Creso Pharma is confident that the product's unique formulation of CBD hemp oil, vitamins and Omega fatty acids in a granulated delivery system will provide a strong point of difference and drive consumer demand for the product.



Creso Pharma will leverage the recent import and regulatory approvals to establish a strong foothold in Latin America. The LATAM pet market has been valued at US\$8.29Bn in 2021 and is projected to reach US\$11.69Bn in value by 2026<sup>iii</sup>. This market represents a potential opportunity for the Company, which it intends to capitalise on in the short term.

#### **Additional expansion opportunities across Latin America:**

The Company, alongside its established commercial partners are also exploring a number of other expansion opportunities within the region for both its animal health products and recreational cannabis offering. Initially, Creso Pharma will focus on seamless, high yield market opportunities where both CBD products and recreational cannabis is either legal or decriminalised. Near term target markets for the Company's animal health products include Mexico, which has a CBD product market expected to grow to over US\$676m by 2027<sup>iv</sup> and Brazil, which has become more focused on healthier alternatives for pets and faced significant supply chain disruption caused by the onset of COVID-19<sup>v</sup>.

Creso Pharma also welcomes the recent ruling from Mexico's Supreme Court, which ruled that a ban on recreational cannabis use would be unconstitutional. The ruling follows a legislative bill signed by Mexico's President Andres Manuel Lopez Obrador, which is awaiting congressional approval<sup>ii</sup>.

Per the ruling on 29 June 2021, people over the age of 18 with permission from Mexico's health regulatory, the Federal Commission for Protection against Health Risks ("Cofepris") can possess up to 28 grams of cannabis.

Creso Pharma management are already exploring a number of go to market strategies to establish a presence in the emerging Mexican market. The Company has the ability to fill recreational THC product demand following the scale up of its wholly-owned Canadian subsidiary Mernova Medical Inc. ("Mernova"), which is currently selling and distributing a number of THC products to a number of provinces in Canada.



**Image one:** Creso Pharma's 2.5mg Relax and 8mg plus anibidiol® products

**Non-Executive Chairman, Adam Blumenthal said:** *"We intend to use Uruguay as the starting point for our broader expansion into Latin America for both our animal health products and recreational cannabis offering."*

*"The recent regulatory rulings in Mexico highlight another major opportunity for the Company and we intend to capitalise on this as soon as possible. Management will continue to progress the scale up of operations across the group and monitor the pending legislative shift in Mexico to ensure we are positioned as a first mover in this very lucrative market."*



**Creso Pharma's Commercial Director, Jorge Wernli said:** *"Finalising all necessary import procedures for our innovative animal health products in Uruguay is a major achievement for the Company and unlocks another large attractive market bringing differentiated benefits to pets and pet owners."*

*"We look forward to working with Adler and Medara to scale up operations and sales in Uruguay and Latin America. A number of vets and specialist retailers have been earmarked as stockists and we anticipate that the products will be well received, particularly as people seek healthier alternatives for their pets."*

*"The Company is confident that it will be able to establish a strong foothold in Uruguay and this will translate to a larger presence across Latin America. Recent regulatory shifts have provided a favourable operating environment for the Company and we are looking to capitalise on this in the near term."*

**-Ends-**

#### **Authority and Contact Details**

This announcement has been authorised for release by the Board of Creso Pharma Limited.

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#### **About Creso Pharma**

Creso Pharma Limited (ASX:CPH) brings the best of cannabis to better the lives of people and animals. It brings pharmaceutical expertise and methodological rigor to the cannabis world and strives for the highest quality in its products. It develops cannabis and hemp derived therapeutic, nutraceutical, and life style products with wide patient and consumer reach for human and animal health.

Creso Pharma uses GMP (Good Manufacturing Practice) development and manufacturing standards for its products as a reference of quality excellence with initial product registrations in Switzerland. It has worldwide rights for a number of unique and proprietary innovative delivery technologies which enhance the bioavailability and absorption of cannabinoids. To learn more please visit: [www.cresopharma.com](http://www.cresopharma.com)

#### **Forward Looking statements**

This announcement contains forward-looking statements with respect to Creso and its respective operations, strategy, investments, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of Creso could differ materially from those expressed or implied by such



statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition and government regulation.

The cautionary statements qualify all forward-looking statements attributable to Creso and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Creso has no obligation to up-date such statements, except to the extent required by applicable laws.

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<sup>i</sup> <https://www.marketdataforecast.com/market-reports/latin-america-pet-food-market>

<sup>ii</sup> <https://edition.cnn.com/2021/06/29/americas/mexico-cannabis-decriminalization-intl/index.html>

<sup>iii</sup> <https://www.marketdataforecast.com/market-reports/latin-america-pet-food-market>

<sup>iv</sup> <https://www.globenewswire.com/en/news-release/2021/06/21/2250272/0/en/At-82-59-CAGR-Mexico-CBD-market-size-is-expected-to-reach-USD-675-48-Million-in-2027-Says-Brandessence-Market-Research.html>

<sup>v</sup> <https://www.mordorintelligence.com/industry-reports/brazil-pet-food-market>