



ASX Announcement

22 August 2019

Creso Pharma signs commercial agreement with Pharma Dynamics for distribution of the cannaQIX® products range in South Africa

Investment Highlights

- Creso Pharma and Pharma Dynamics have signed a binding Commercial Term Sheet to enable Pharma Dynamics to distribute Creso Pharma's nutraceutical cannaQIX® products range in South Africa
- The agreement provides the opportunity for customers in South Africa to gain access to an affordable, high-quality, broad-spectrum hemp oil GMP nutraceutical product
- Pharma Dynamics has also placed a first order for cannaQIX®10
- Pharma Dynamics is a wholly-owned subsidiary of Lupin Limited (NSE:LUPIN), among the top eight leading global generic pharmaceutical companies
- The global market penetration of cannaQIX® continues to expand rapidly

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to announce that it has entered an agreement with leading South African pharmaceutical company, Pharma Dynamics, a subsidiary of Lupin Limited (NSE:LUPIN).

Creso Pharma and Pharma Dynamics have signed a Commercial Term Sheet ('the Agreement') providing Pharma Dynamics with for the sole distribution rights of Creso Pharma's organic, broad-spectrum hemp oil nutraceutical, cannaQIX®10, across South Africa, Namibia, Botswana, Zimbabwe, Swaziland, Lesotho, Angola, Mozambique and Uganda.

In conjunction with execution of the Agreement, Pharma Dynamics has also made an initial order for cannaQIX®10 in the amount of A\$150'000. It is expected that the product will be available at leading South African retail pharmacies by year-end.

CannaQIX®'s global market penetration has increased significantly this year. In the June quarter, cannaQIX® became available in major retailers like Holland & Barrett and Boots in the UK, and Creso Pharma received approval to import the product into Brazil and Australia [ASX Announcement: July 24 2019]. More recently, Creso announced that it had entered an exclusive distribution agreement with JC Logistics Ltd t/a Medleaf Therapeutics for the exclusive distribution of cannaQIX® in New Zealand [ASX Announcement: August 6 and 8 2019].



The Agreement is anticipated to be a long term agreement and includes minimum purchase targets. In the case of unsatisfactory collaboration results, such as purchase targets not being achieved, the Agreement can be terminated with 3 months' notice. These minimum purchase targets do not, themselves, represent material revenue.

cannaQIX® 10

cannaQIX® 10 comes in packs of 24 lozenges in a proprietary delivery formulation designed for buccal absorption and to dissolve in the mouth. This method works faster and more efficiently than tablets or capsules which need to be swallowed and have a high percentage of their ingredients broken down when absorbed through the intestine and passed first through the liver. By being dissolved in the mouth, the active ingredients enter the bloodstream directly, avoiding this first pass through the liver.



Image: cannaQIX 10®

The cannaQIX® range of products are cannabidiol (CBD) hemp oil-based nutraceuticals using Creso Pharma's proprietary innovative delivery technology. They contain full-spectrum organic hemp oil extract with CBD, vitamins and zinc, aiming to reduce stress and to support mental and nervous functions.

The products are sugar-free and contain no tetrahydrocannabinol (THC).

The standardized, user-friendly strength and formulation allows precise dosage control.

The cannaQIX® range has been developed to Good Manufacturing Practice standards and is produced in Switzerland by Creso Pharma's partner, Swiss-based food and pharma



development company, Domaco, Dr. med Aufdermaur AG (Domaco) to the highest Swiss quality with a “Swiss Made” label.

Pharma Dynamics CEO, Erik Roos said: “In line with our ethos of increasing access to affordable, quality medication, we have identified Creso Pharma as our partner of choice. Creso Pharma is globally recognised as a leader in the production of cannabis products with distribution agreements already in place in various countries in Europe and AsiaPac. The company cultivates its cannabis at its state-of-the-art Mernova Medical facility in Windsor, Nova Scotia and its pharmaceutical leadership team ensures cutting edge science and research to develop, innovative cannabis and hemp-derived products. We hope that this agreement will form the foundation of a longstanding relationship as we grow our footprint from nutraceuticals into the scheduled market as well.”

Dr Miri Halperin Wernli, Creso Pharma’s CEO and Co-Founder said: “The evolving regulatory situation in South Africa is providing a solid foundation on which to build this close relationship with Pharma Dynamics. We are encouraged to see a wide range of opportunities opening up to bring premium hemp oil nutraceutical products to customers in South Africa.”

Ends.

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About Creso Pharma

Creso Pharma 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



About Pharma Dynamics

Pharma Dynamics is the 11th largest pharmaceutical company in South Africa (SA) with a well-established footprint spanning across several African countries. As of 2012, it maintains its position as the biggest supplier of cardiovascular pharmaceuticals in SA, both in terms of value and volume. It boasts with a range of products across therapeutic areas including cardiovascular (CVS), central nervous system (CNS), gastrointestinal and men's health therapies. In 2013, it entered the SA anti-infective market, supplying IV antibiotics to hospitals. The firm's over-the-counter (OTC) product portfolio is also growing and includes antihistamines and allergy treatments, cold & flu medication and heartburn treatment, among others. Pharma Dynamics is wholly owned by Lupin Laboratories, the fourth largest generic pharmaceutical company globally by market capitalisation.

About Lupin Limited

Lupin is an innovation led transnational pharmaceutical company developing and delivering a wide range of branded & generic formulations, biotechnology products and APIs globally. The Company is a significant player in the Cardiovascular, Diabetology, Asthma, Pediatric, CNS, GI, Anti-Infective and NSAID space and holds global leadership position in the Anti-TB segment.

Lupin is the 8th largest generics pharmaceutical company by revenues (31st Mar 2019, Bloomberg LTM) respectively. The Company is the 3rd largest pharmaceutical player in the US by prescriptions (IQVIA MAT Jun 2019); 3rd largest Indian pharmaceutical company by global revenues (31st Mar 2019, Bloomberg LTM); 5th largest generic pharmaceutical player in Japan and 6th largest company in the Indian Pharmaceutical Market (IQVIA MAT Jun 2019).

For the financial year ended 31st March, 2019, Lupin's Consolidated sales and Net profits were at Rs. 163,694 million (USD 2.34 billion) and Rs. 9,466 million (USD 136 million) respectively.

CIN: L24100MH1983PLC029442 Registered Office: Lupin Ltd, 3rd Floor, Kalpataru Inspire, Off Western Express Highway, Santacruz (East), Mumbai 400 055.

To learn more, please visit: www.lupin.com



About Domaco, Dr. med Aufdermaur AG

Domaco, Dr. med Aufdermaur AG is a Swiss-based food and pharma development company that owns the rights to a number of innovative delivery systems used to administer active ingredients through galenic forms which is a way of preparing and compounding medicines in order to optimise their absorption.

To learn more please visit: www.domaco-pharma.com

Forward Looking statements

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