



30 November 2020

Court of Justice of the EU ruling unlocks major potential for CBD in Europe

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to provide the following update regarding the status of cannabidiol (CBD) products in Europe.

On 19 November 2020, the Court of Justice of the European Union (CJEU) ruled that member states must not prohibit the marketing of lawfully produced CBD. Further, the CJEU ruled that CBD is not considered a narcotic, and as a result, CBD can be freely sold in the European Union (EU).

The case that the ruling stemmed from was in relation to a situation where parties produced hemp-derived CBD products in the Czech Republic, which were then imported into France for use in other products. Criminal proceedings were launched on the basis of a claim that French legislation only allows for the fibre and seeds of hemp to be put to commercial use. It was determined that the aforementioned legislation did not apply CBD derived from a whole hemp plant as it was not a listed agricultural product, and therefore hemp-derived CBD products are not restricted by the relevant legislation.

In arriving at the decision, the CJEU noted that, according to the current state of scientific knowledge, the CBD involved doesn't appear to have any psychotropic effect or any harmful effect on human health and therefore cannot be classified as a narcotic drug. While a literal interpretation of the UN Single Convention on Narcotic Drugs might lead to CBD being classified as a drug, this would be contrary to the general spirit of that convention stated in the court ruling summary.

A press release regarding the development can be found via the following link: <https://curia.europa.eu/jcms/upload/docs/application/pdf/2020-11/cp200141en.pdf>.

This landmark ruling is a major development and provides considerable opportunities for Creso Pharma, which the Company will seek to capitalise on immediately. Creso Pharma already has commercial agreements in place in the Iberian markets (refer ASX announcement: 12 August 2020) and is very well funded to pursue a number of growth initiatives.

According to the Orian Research Group, the current market size for CBD in Europe is about €450 million representing 31% of the global CBD oil market share. It is suggested that CBD products market could account over 0.15% of the health and wellness market value by 2028. According to the latest research by the Global Wellness Institute, the worldwide wellness market grew 12.9% from a \$3.72 trillion in 2017 to a \$4.2 trillion (€3.5trn) in 2018. The European CBD market is projected to be worth at least €1.5 billion by 2023.¹

¹ <https://www.prnewswire.com/news-releases/europes-cbd-market-projected-to-grow-by-400-301117489.html>



Furthermore, the Company has been closely observing the shifts in the regulatory environment across the globe. As previously advised, the latest regulatory shift in Europe complements the recent interim decision by the Therapeutic Goods Administration (TGA) to allow Australian consumers to purchase CBD products over-the-counter through pharmacies without the requirement of a prescription.

These developments confirm a significant regulatory shift in the Company's favour and present growth opportunities in new jurisdictions to complement the recent strong demand for Creso Pharma's products in Canada and South Africa.

Board and management are actively exploring a number of strategies to grow market share in Europe and Australia and look forward to providing regular updates to shareholders.

Comment:

Non-Executive Chairman Adam Blumenthal said: "The decision by the CJEU unlocks a number of significant opportunities for Creso Pharma, in a market that the Company already has an established presence.

"The European market has always played an important role in the Company's growth trajectory and the most recent regulatory shift will allow us to continue to progress a number of near term initiatives, engineered to unlock value for shareholders.

"We welcome this development and look forward to providing further updates in due course."

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Authority and Contact Details

This announcement has been authorised for release by the Creso Board

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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

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.