



TPI ENTERPRISES LIMITED

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ASX Announcement

Monday 25 February, 2019

Patent Litigation Update

TPI Enterprises Limited (ASX:TPE) today announces it is disputing the validity of patents over high codeine poppies granted to Tasmanian Alkaloids Pty Ltd (“TA”) in an infringement action being brought by TA against TPE for use of the high codeine poppies.

The Federal Court of Australia on Friday 22 February 2019 ordered that the trial of TA’s infringement claim and TPE’s cross claim for invalidity be set down for hearing in October 2019.

TPE will strongly pursue its claim for invalidity of the patents and defend the infringement claim against it.

To avoid unnecessary costs, TPE has provided undertakings imposing conditions on TPE’s sale of seed from high codeine poppies until the resolution of the infringement and invalidity proceedings and restricting TPE’s use of straw from high codeine poppies until 30 April 2019.

In return, TA has provided undertakings to pay compensation to TPE, in respect of the conditions and restrictions imposed on TPE by the undertakings, if TA’s infringement claim is unsuccessful.

TPE is required to inform TA by 8 April 2019 if TPE is willing to extend the undertakings in respect of straw beyond 30 April 2019. If the undertakings are not extended, TA may seek an injunction to prevent TPE’s use of the high codeine poppies after that date. TPE may oppose any application for such an injunction.

TPE is confident that it will have available to it sufficient quantities of straw from non-high codeine poppies to meet its current customer supply obligations. However, the inability to process existing inventory of straw from high codeine poppies pending the expiration of the undertakings and resolution of the infringement and invalidity proceedings will adversely affect TPE’s working capital position. The current carrying value of high codeine poppy straw in inventory is approximately A\$4.5m.

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About TPI Enterprises Limited

TPI Enterprises Limited (ASX:TPE) is one of three licensed poppy processors in Australia, and the only Australian-owned company. It is one of only three companies globally that is vertically integrated from poppy growing through to tableting production. TPI Enterprises has developed an innovative, efficient and environmentally-sustainable extraction and purification manufacturing process which allows the company to deliver a highly competitive pricing platform. The company's strategy is to secure access to regulated downstream narcotics markets to leverage its reliable, cost-competitive upstream raw material capability.