



12 January 2021

Second shipment of cannaQIX® successfully delivered to Pharma Dynamics in South Africa - \$320k AUD revenues

Highlights:

- **Delivery allows Creso Pharma to bank CHF220,000 (~A\$320,000) purchase order ('PO') for cannaQIX® products**
- **Pharma Dynamics is a subsidiary of leading global pharmaceutical company Lupin International (NYSE: LUPIN) and sell cannaQIX® under the Cannamics brand in SA**
- **Repeat order highlights growth opportunity for Creso Pharma in Africa – additional POs are expected**
- **Creso Pharma retained ~A\$6m cash at bank as of 31 December 2020 – with a further \$1.7m received from the exercise of options, allowing financial flexibility to pursue further near term growth opportunities as well as carry out the groups successful global revenue generation strategy.**

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to advise that it has completed all required importing and exporting procedures and successfully delivered a second shipment of cannaQIX® products to the subsidiary of Lupin International (NYSE: LUPIN), Pharma Dynamics South Africa.

cannaQIX® is Creso Pharma's range of cannabidiol (CBD) hemp oil-based nutraceuticals, which contains a broad spectrum of organic hemp oil extracts with CBD that aims to improve management of stress and to support mental and nervous functions.

Delivery follows the receipt of a second purchase order ("PO") from Pharma Dynamics in October 2020 (refer ASX announcement: 12 October 2020) valued at CHF220,000 (~A\$320,000), which has now been banked and adds to Creso Pharma's growing revenue profile.

The delivery of the second purchase order follows the Company's successful launch into the South African market in collaboration with Pharma Dynamics. Pharma Dynamics launched the cannaQIX® regular products during Q2 2020 and is marketing it under the 'Cannamics' brand (refer image below).





Pharma Dynamics is a subsidiary of leading pharmaceutical company, Lupin International (NYSE: LUPIN). Lupin International is ranked as the fifth largest generic pharmaceutical company in South Africa. Pharma Dynamics provides high quality generic medicines at affordable prices and is well known for its investment into innovative wellness programs that “go beyond the pill” in helping patients manage their conditions and improve treatment outcomes.

Pharma Dynamics has a growing range of over-the-counter products including medications for cold and flu, allergy, and digestion, as well as immune booster wellness products. Its products are consistently prescribed and recommended by leading doctors and pharmacists countrywide.

Pharma Dynamics distributes Creso Pharma’s hemp-based products across South Africa, with plans to extend the distribution to Namibia, Botswana, Zimbabwe, Swaziland, Lesotho, Angola, Mozambique and Uganda

Creso Pharma is confident that additional opportunities will materialise in Africa in the coming months. The Company continues to work with Pharma Dynamics to establish a broader footprint in the region and anticipates purchase orders to grow in size and volume.

Creso is extremely pleased with the swift timing of the second PO and delivery, demonstrating a healthy relationship and positive patient response. Creso believes there will be more POs from this region in a sustainable way. This underpins Creso’s current global growth trajectory and its entry into new markets towards a recurring revenue model.

As at 31 December 2020, Creso Pharma retained a healthy cash balance of over A\$6m. Since 31 Dec, the Company has received an additional A\$1.7m following the exercise of options giving Creso a robust bank balance to cater to the group’s current operations, and fund the expansion into new markets. The current sales and revenue that has been announced is very encouraging and this robust bank balance further demonstrates the groups financial foundation to continue to win market share as well as to be in a position to easily capitalise any potential further international growth opportunities.

There are a number of new exciting opportunities the company is working on which will be announced in due course.

Management Commentary

Jorge Wernli, Commercial Director said: *“We are excited about the completion of this second order from Pharma Dynamics, which has underpinned a very successful launch of cannaQIX® under the Cannamics brand in South Africa.*

“cannaQIX® has been developed using Good Manufacturing Practice standards and is standardised and user-friendly. Strength and formulation allows for precise dosage control and the lozenge form is more palatable than many other oils on the current market. We have no doubt that it will continue to be well received by consumers in South Africa.

“We are very proud of having accomplished this delivery in spite of the current restrictions in place, mainly due to the COVID situation. We are looking forward to further growth throughout South Africa and other territories together with Pharma Dynamics.”

-Ends-



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

About cannaQIX® regular

The cannaQIX® range of products are cannabidiol (CBD) hemp oil-based nutraceuticals using Creso Pharma's proprietary innovative delivery technology. They contain broad spectrum organic hemp oil extract with CBD aiming to reduce stress and to support mental and nervous functions. cannaQIX® regular is sugar-free and contains no tetrahydrocannabinol (THC). The standardized, user-friendly strength and formulation allows precise dosage control and the lozenges have a more palatable taste compared to oils.

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.

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 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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