

4 May 2018

First Quarter Sales Update – Impact of the Medsafe Alert and Recovery Process

Issue of Convertible Notes

The Directors of Promisia Integrative Limited (NZX:PIL) wish to report sales for the first quarter of the current financial year ending 31 March 2018.

Net sales for the quarter were as follows:

January 2018	\$149,812
February 2018	\$81,958
March 2018	\$24,215
Total sales for the quarter	\$255,985

The Company does not usually provide a breakdown of sales by month and does not intend to provide this information in the future.

The Medsafe Alert published on 15 February 2018 had an immediate and significant impact on sales, particularly in New Zealand but also in Australia, and cash flow. Negative and sensational articles published in the media compounded the negative impact of the Alert and arguably did greater damage than the Alert. The Medsafe Alert and negative media coverage had a negative impact on the launch of Arthrem in Australia and the launch of Artevite in New Zealand.

The Company continues to work with Medsafe and has made some enhancements to the labels on Arthrem bottles, the Arthrem website, and point of sale material.

Shareholders will have anticipated a reduction in sales as a result of the Medsafe Alert. Shareholders should be aware that the impact of the Medsafe Alert on sales for the quarter was a reduction of 60% on sales in the same quarter in the previous year.

Another factor affecting sales in February and March was the level of stock held by pharmacies. A successful promotion in November and December 2017 saw pharmacies increase stock to benefit from favorable buying terms. A reduction in retail demand following the Medsafe Alert resulted in this higher stock taking longer to sell than anticipated at the end of 2017. This stock has now been sold and the Directors expect more consistent orders from pharmacies from now on.

The Directors and management reiterate to shareholders that any adverse reaction to Arthrem is taken very seriously. Arthrem is a safe and effective product when taken according to instructions and it provides relief to many people every day. A very small number of people have had an adverse reaction and they are all recovering from that reaction. As noted in a previous announcement, in the period that the 14 adverse reactions were reported to Medsafe (a period of 22 months) the Company sold 254,000 bottles of Arthrem.

Announcement



This incidence of adverse effects is extremely low and considered to be in the very rare category by the World Health Organisation guidelines for dietary supplements. The level of adverse events is considerably lower than the adverse reaction rates experienced by people taking analgesics and NSAID anti-inflammatory products on a long term basis.

A revised strategic marketing plan has been developed and is being implemented. The objective is to return confidence to Arthrem users and restore sales to previous levels. The Company is limiting television advertising, due to the high cost, and has focused its resources on the education of pharmacists, pharmacy staff and their customers. The company has one fulltime and one part time sales representative on the road visiting pharmacies. Each month our telephone sales team contacts every pharmacy stocking Arthrem.

Pharmacies remain strong supporters of Arthrem and they report that sales are recovering. We are pleased to report that sales in April 2018 were double those in March and anticipate a gradual growth in sales levels over the next 6 months. It appears that the higher dose competitive products introduced in 2017 have been withdrawn from the market.

As part of the new marketing campaign, an Arthrem Health Check has been developed to assist existing and future users of Arthrem evaluate if the product is right for them.

The Company will need to raise additional cash to fund its operations for the balance of 2018 as sales recover in New Zealand and Arthrem becomes established in Australia. The Directors propose to make an offer of Convertible Notes to wholesale and eligible investors to raise a minimum of \$600,000. Details are being finalized and will be provided to shareholders in the Notice of Meeting for the Company's Annual Meeting to be held on 31 May 2018.

For further information please contact:

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