



ABN: 89 609 406 911

ASX Announcement

7 November, 2016

Creso signs LOI for the development and commercialisation of hemp-derived nutraceuticals for the global pet care market

Highlights:

- **Binding LOI with Swiss animal health company and Dutch veterinary product manufacturer and wholesaler to develop and commercialise hemp-derived nutraceutical products for the global pet care market**
- **Creso aims to capture a leading share of the global pet care market with its hemp-derived nutraceuticals and a leading market share of the hemp-derived animal health market worldwide**
- **In addition to Europe, Creso is also targeting the Middle East, the Gulf Region and Latin America**
- **The veterinary health market represents an attractive opportunity for Creso: it is estimated that the market will be worth \$US39.7 billion by 2021**
- **The number of treatment options available to veterinarians is limited**
- **Available treatments are often human therapeutics poorly adapted to animals**
- **Creso's CBD-rich hemp-derived nutraceuticals are specifically formulated for various pet care segments**
- **Creso's products provide a strong alternative to existing therapies and can target ailments such as anxiety and pain, seizures, arthritis and inflammation and contribute to improve the pet's quality of life and create better health**

Creso Pharma Limited (ASX: CPH, the "Company") is pleased to announce that it has signed a binding letter of intent (LOI) with veterinary product manufacturer and wholesaler, Greveling Holding Netherlands, and Swiss animal health company, A&H Health Switzerland, to develop and commercialise Creso's innovative cannabidiol (CBD)-rich hemp-derived nutraceutical products for the global pet care market.

Under the LOI, the three companies will develop and commercialise a range of Creso's innovative CBD-rich hemp-derived products which can be administered via specialized veterinary delivery systems. Greveling Holding BV is a global manufacturer and wholesaler of veterinary products and will act as the key partner for the deal, both in developing the products and as a commercialization partner in Europe, the Gulf Region and the Middle East. A&H Health Switzerland is a Swiss animal health company certified



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by the Swiss licensing and regulatory authority, Swiss Medic. It will be the product distributor in the Swiss market.

The product development will take place in Europe but sales will be global, and Creso aims to capture a leading market share both in Europe and worldwide.

Market Opportunity

Creso aims to capture a leading share of the global pet care market with its hemp-derived nutraceuticals as well as a leading market share of the hemp-derived animal health market worldwide. In addition to Europe, Creso is also targeting the Middle East, the Gulf Region and Latin America.

The veterinary healthcare market represents an attractive opportunity for Creso. The market is estimated to be worth \$US25 billion in 2015 with a CAGR of 8.06% between 2016 to 2021. In 2021, it is estimated to be worth \$US39.7 billion. (Mordor Intelligence: https://www.mordorintelligence.com/industry-reports/global-veterinary-animal-healthcare-market-industry?gclid=Cj0KEQjwhbzABRDHw_i4q6fXoLIBEiQANZKGW4D-M9PWyi7pnUEiajZ9YB0ZbK-f90LaU9pfumyAl8caArj8P8HAQ). Europe accounted for \$US8.37 billion in 2016 and is forecast to grow to \$US11.41 billion by 2021. (Market Data Forecast: <http://www.marketdataforecast.com/market-reports/europe-veterinary-healthcare-market-483/>)

About Creso's Products

Creso's veterinary products will target a range of conditions including behavioural-based disorders (such as anxiety linked to separation, loud noise, travel, crowds), pain (acute and chronic), inflammation, arthritis, allergic skin reactions and metabolic conditions such as diabetes.

Currently, the number of treatment options available to veterinarians is limited and those that are available are often just inadequately adapted human therapeutics. As a result, many chronic conditions in pets remain poorly treated. This presents an excellent opportunity for hemp-based nutraceutical therapeutics.

Creso's products will allow pet owners to manage the health and in particular, chronic conditions, of their pets in an efficacious, safe and cost-effective way. The products will contain compounds from the hemp plant which are similar to the endocannabinoids produced by the animal's body. The endocannabinoids are molecules which play a key role in many physiological functions and regulate how the animal feels pain, eats, experiences emotions and its memory. The products will not contain any THC (the psycho-active compound in the cannabis and hemp plants).



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The Endocannabinoid System

The endocannabinoid system is a unique control regulatory system in all vertebrates and is involved in the regulation of numerous physiological processes that affect many important functions as illustrated above. The primary function of the endocannabinoid system is to maintain a stable internal environment despite changes in the external environment. Diseases and ailments often emerge when there is a deficiency or dysfunction of the endocannabinoid system and the endocannabinoids produced in the body.

The aim of Creso Pharma's CBD-rich veterinary nutraceutical products is to supplement deficient and unbalanced naturally occurring endocannabinoids with the phyto-cannabinoids from the hemp plant to help an animal's body restore homeostasis and synergise naturally with its endocannabinoid system, creating better overall health.

"People increasingly view pets as members of the family and are willing to spend quite heavily to treat their sick companions. However, many conditions for pets remain poorly treated by current therapies," said Creso Pharma CEO and Co-Founder, Dr. Miri Halperin Wernli.

"With many people now choosing botanically derived hemp products over synthetic supplements for human ailments, it makes sense that we are developing these treatments for our pets as well. Just like in people, they can greatly improve the pet's quality of life and reduce many of the symptoms. "

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About Creso's Veterinary Nutraceuticals

Creso's veterinary CBD-rich nutraceuticals use full plant, non-GMO organic cannabinoid extracts, delivered through innovative proprietary veterinary specific formulations. The extracts are rich in CBD and contain multiple compounds which act synergistically to provide the "entourage enhancing" therapeutic effect. The safety of the product is ensured through the strict control of very low levels of THC in the extract - in full compliance with regulatory requirements.

About Creso Pharma

Creso Pharma will lead the field of cannabis and hemp derived therapeutic grade nutraceutical products for human and animal health. Leveraging science and research and focusing on unique and innovative delivery mechanisms, Creso Pharma is developing cannabis- and hemp-derived therapeutic products, manufactured to high GMP standard and delivered to the highest quality levels across the supply chain. Creso is the leader in cannabidiol (CBD) innovation, bringing vast therapeutic choices and opportunities to human and animal health medicine.

About Greveling Holding BV

Greveling Holding BV, owner of the prestigious equine Prequine® line, is a manufacturer of complementary feed for sport horses and racing camels, and wholesaler of veterinary products. Greveling exclusively supplies high quality veterinary products to veterinary hospitals, veterinary surgeons, veterinary practitioners, veterinary faculties, governmental institutes, research institutes and specialised licensed pharmacists at competitive prices as well as a providing professional and reliable service. Its main activities are manufacturing complementary feed and distribution of exclusive veterinary treatments and medicines. Greveling warehouses all Prequine® products and medical devices, feed ingredients, pharmaceutical substances and veterinary medicines which are in accordance with the Dutch and European requirements and regulations. (HACCP registration no: 500562)

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