

## **CannPal Secures U.S Patent and Licencing Agreement with Top 10 Animal Pharmaceutical Company**

### **Key Highlights**

- CannPal Animal Therapeutics Pty Ltd ('CannPal') has entered into a strategic Option and Purchase Agreement with a Top 10 global animal health company ('Partner'), headquartered in Europe
- Under the agreement, the Partner has acquired the North American rights to commercialise certain dermatology assets, and an option for the global rights (excluding Australia/New Zealand) to develop and commercialise CPAT-01, a late-stage cannabinoid drug candidate for pain in dogs
- Financial terms include an up-front fee, single digit royalties, success milestone payments, and success-based funding support for the continued development and registration of CPAT-01
- The agreement follows the granting of U.S patent application no 12083094, providing protection for the CPAT-01 formulation in the United States of America until July 2041

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**20 November 2024 - AusCann Group Holdings Limited** (ASX: AC8) ('AusCann' or 'the Company') is pleased to announce that CannPal Animal Therapeutics Ltd ('CannPal'), of which AusCann remains a major shareholder, has entered into a strategic Option and Asset Purchase Agreement with a global market leading animal health Company, marking a major milestone in CannPal's journey to commercialise its lead veterinary drug programs in Europe and North America.

The agreement represents a pivotal step in advancing CPAT-01, CannPal's novel cannabinoid-based veterinary treatment, currently in development for FDA-CVM registration for pain in dogs.

Under the terms of the agreement, CannPal has granted the Partner an exclusive option to develop and commercialise CPAT-01 globally (excluding Australia and New Zealand), leveraging its extensive expertise and international reach. The Companies have formed a Joint Steering Committee ('JSC') to oversee the completion of a Phase 2C Dose Confirmation study during the option period.

The Partner has also acquired the North American rights to commercialise CannPal's innovative plant-based dermatology assets, paving the way for CannPal to enter the Australian market shortly thereafter.

This partnership underscores CannPal's ability to execute on its strategic vision while providing the Company with a clear trajectory towards FDA-CVM registration for CPAT-01 and the commercialisation of its dermatology assets.

AusCann is also pleased to announce that CannPal been granted a patent by the United States Patent and Trademark Office for its novel cannabinoid formulation for pain in dogs. The Invention relates to a liquid composition comprising a patented combination of  $\Delta 9$ -tetrahydrocannabinol (THC) and cannabidiol (CBD), methods of treating pain, inflammation and/or anxiety in a subject, as well as downregulating or upregulating expression of particular related genes.

The original patent application, which was first filed in 2018, was supported by data generated from a robust research and development program to identify an optimal ratio of cannabinoids, including THC, that would enable safe and effective treatment of dogs without the adverse effects commonly associated with cannabinoid use. The research found that oral administration of the liquid composition does not result in any significant observed adverse events while achieving sufficient bioavailability of both cannabinoids to provide a beneficial biological response in the subject.

Typically the length of a patent is limited to 20 years, providing an initial expiration date of 2039. However, due to delays by the patent office during examination of this application, there is an 'adjustment' that, subject to any terminal disclaimers, extends the term by 776 days to 29 July 2041, a valuable extension of patent term and protection by an additional 2 years.

## *Background and Strategic Focus*

In March 2021, AusCann announced that it had completed the acquisition of CannPal via Scheme of Arrangement [**ASX:AC8 March 18<sup>th</sup>, 2021**] positioning itself to accelerate the commercialisation of registered animal health products alongside its human health portfolio. The transaction was seen as an opportunity to bring animal health products to market faster, in light of the regulatory complexities and slower-than-expected adoption of the Special Access Scheme (SAS-B) for human cannabis products.

However, the global economic downturn following the COVID-19 pandemic led to a sharp decline in the capital markets and economic environment. The Global Cannabis Stock Index fell by over 85%, severely limiting the availability of capital for companies in the Australian cannabis sector. As a result, progress in developing AusCann's animal health assets slowed considerably due to competing priorities.

In response to these conditions, the AusCann Board and management team undertook a comprehensive review of the company's initiatives, including a formal process to explore monetising CannPal's animal health programs. Despite engaging with global animal health companies through a structured due diligence process, the Board did not receive proposals that maximised the value of CannPal's assets.

Recognising the need for flexibility and capital conservation, AusCann made the strategic decision to divest its animal health assets, allowing the company to reduce its investment commitments while still retaining upside potential through a 48% free-carried interest in CannPal. This divestment also allowed CannPal to operate as a private entity, better equipped to attract strategic partnerships, secure alternative funding, and progress its R&D with greater agility.

This structure allows CannPal to focus on advancing CPAT-01 and commercialising its dermatology assets while relieving AusCann of future expense obligations related to the Company's development and commercialisation activities. This outcome is a significant achievement for CannPal, following two years of strategic realignment, and a testament to the perseverance of the Management team.

**Andrew Chapman, Chair of AusCann, commented:** *"This agreement demonstrates the success of our divestment strategy and reinforces the value that we initially saw in CannPal. As a private company, CannPal has been better positioned to attract the necessary partnerships and resources to position itself for success, while simultaneously creating value for AusCann's shareholders. AusCann remains focused on its core human health initiatives and the rapidly evolving European cannabis market."*

**Layton Mills, CEO of CannPal, commented:** *"This partnership is a major milestone for CannPal. It not only secures a path to continue with our CPAT-01 program but also validates the strength of our R&D and the value we have created along the way. We are excited to embark on this next phase of growth with the support of a market leading partner with extensive experience in the animal health sector."*

## **ENDS**

This ASX announcement was authorised for release by the Board of AusCann.

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### **ABOUT AUSCANN**

**AusCann Group Holdings Limited** (ASX:AC8) is an Australian-based company focused on the development and commercialisation of cannabinoid-derived therapeutic products to address unmet needs for humans and animals within Australia and internationally.