

Callitas Health Inc.

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Callitas Health capitalizes on CannaStrips, OTC goods while swinging for the fence with blockbuster drugs

- Cincinnati-based health and wellness company with diverse portfolio of products
- Focuses on five main silos: cannabis delivery technologies, orphan drugs, over-the-counter sexual health, prescriptions for weight management, and female sexual health
- Callitas has pacts with two undisclosed California companies to market and sell CannaStrips for THC and CBD
- Beginning preliminary Phase 2 work on Extrinsa, which has the potential for blockbuster sales
- Also continuing Phase 2 study for C-103, its reformulated version of orlistat for weight loss

What the company does:

Callitas Health Inc (CSE:LILY) (OTCMKTS:MPHMF) is a Cincinnati-based health and wellness company with a diverse portfolio of products. It focuses on five main silos: cannabis delivery technologies, orphan drugs, over-the-counter sexual health, prescriptions for weight management, and female sexual health.

The company has innovation baked in its DNA, building on the work of Dr Ronald Thompson, a well-known gynecologic surgeon and infertility specialist with nearly three dozen patents. He asked his brother Gary Thompson, a Cigna Healthcare veteran, to develop some of his ideas into products.

Today, that patent-rich endeavor has shaped into Callitas Health and is spearheaded by the second generation of Thompsons.

"My father has done a lot of inventing," Callitas Health CEO James Thompson told Proactive.

"He has between 30 and 40 patents across the board, from medical devices for surgery to topical gels that we have for female sexual dysfunction to weight-loss drugs," added Thompson, a biomedical engineer with a finance degree from Washington University.

Thompson was the managing member at 40 J's, a private health care development group whose primary assets were acquired in 2017 by Callitas.

How it is doing:

Callitas has a nimble strategy focused on getting quick revenues from mass-appeal OTC products and a more long-term blockbuster pipeline.

On the company's list of achievements is its co-branding deal with NFI Consumer Healthcare to distribute Callitas Health's ToConceive fertility lubricant with NFI's bestselling pregnancy test kit. The partnership should begin generating revenue in 2019, according to Thompson.

Price: \$0.11

Market Cap: \$3.62 m

Share Information

Code: LILY

Listing: CSE

52 week	High	Low
	0.175	0.05

Sector: Pharma & Biotech

Website: www.callitas.com

Company Synopsis:

Founded on Midwest values, our Cincinnati-based company is people-focused, always looking for ways to benefit our customers, shareholders, and employees. Our company was built on strong work ethic, honesty, and a desire to help others. Our number one goal is helping people by bringing products to market that improve quality of life.

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ToConceive was developed by Thompson's father based on the science behind the 2010 Nobel Prize in medicine for in-vitro fertilization (IVF) and sperm capacitation. It is FDA-cleared and clinically proven to increase a woman's own natural conception lubrication, called transudate.

Other advances include the renewal of Callitas' partnership with LifeStyles, the condom company, for the licensing of its female sexual stimulating gel Excite by SKYN. Callitas has also inked a product development and manufacturing pact with LifeStyles to create a sexual-wellness product for it, with the first item expected to launch later this year.

It's worth noting that LifeStyles is the world's number two condom-maker and traces its roots back to Australian entrepreneur Eric Norman Ansell, who started making condoms in 1905.

Callitas is also eyeing "significant revenue potential" from its cannabis delivery technologies. In April this year, Callitas signed a letter of intent with wellness company Simply Wholeistic to manufacture and supply formulations of its own CannaStrips and Simply Wholistic dietary supplements for sale in the US market.

Callitas has developed a novel delivery technology that helps achieve more precise dosing — a tricky undertaking when it comes to medical cannabis. The company has come up with oral strips that dissolve instantly on the tongue to deliver tetrahydrocannabinol (THC) and cannabidiols (CBD).

Thompson said: "Our patented and patent-pending technologies have the potential to be game-changers. By paying a license fee companies will be able to buy the strips from us as blanks at wholesale."

Inflection points:

The new partnership with Simply Wholistic comes hot on the heels of Callitas Health signing pacts with two undisclosed California companies to market and sell CannaStrips for THC and CBD.

Callitas is also in discussions with Canadian companies to get CannaStrips into the Canadian market.

"We have a lot of irons in the fire that should come to fruition over the next few months and advance our business," said Thompson. "Sometimes a one-trick pony is easy to explain, but in our OTC business we have multiple products, multiple business partners already, and more products that are coming behind those. We also have two blue-sky pharmaceutical assets which have massive revenue potential."

One of those blue-sky assets is Extrinsa, a topical gel to treat female sexual dysfunction. Callitas is beginning preliminary Phase 2 work on Extrinsa, which has the potential for blockbuster sales. Thompson points out that 48 hours after Addyi, the only drug currently on the market for treating low female sexual desire, was approved, Sprout sold it to Valeant Pharmaceuticals (NYSE:VRX), for around \$1 billion.

Thompson said there are prescribing restrictions on Addyi, often called the "female Viagra" but Extrinsa is "a lot different".

He said: "Women can't have alcohol when they are taking it. There are negative side effects. Our drug is a lot different, but it's going to take a few years to get it to market with FDA approval."

He went on to add: "We are the opposite of that drug, which is taken daily. Ours is topical, non-systemic, meant to be used just with intercourse. It's episodic and non-hormonal so we have checked all those safety boxes."

The company is also continuing its Phase 2 study for C-103, its reformulated version of orlistat for weight loss. The firm has targeted \$500 million in revenue from C-103 from the US market alone as first-year revenue once approved by the FDA.

The aim through the Phase 2 dose-finding study is to solidify the chemistry and plan the non-clinical testing. Callitas says C-103 stops fat absorption and eliminates the side effects patients on orlistat experienced.

Callitas says it can also fill an unmet pediatric need with MACS, its proposed treatment for a genetic disorder that causes what is labeled Urea Cycle Disorder in neonatals and infants. If untreated, ammonia, a highly toxic substance, builds up in the bloodstream posing serious risks.

In 2017, the company filed orphan drug and rare pediatric disease designation request letters with the FDA for MACS. In March, the FDA requested additional scientific and manufacturing information to approve the requests.

Thompson said that prior to filing the requests, Callitas had begun working on the product formulation, as well as consulted Cincinnati-based regulatory strategy company Camargo on the clinical protocols and lab selection process for animal model testing.

For a blockbuster drug, a priority voucher can be worth as much as \$322 million. If Callitas hits the jackpot with MACS, it can redeem the voucher for fast-track review of other drug treatments or sell it to another drug company.

What the boss says:

"We expect 2019 to be a breakout year. Management will focus on creating shareholder value through progress on our clinical and pre-clinical milestones, executing on partnership opportunities, expanding our over-the-counter presence, and quickly capitalizing on the cannabis opportunities in the US and abroad, in both CBD and THC legal markets," said Callitas Health Inc CEO James Thompson.

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