



29 August 2022

## Creso Pharma completes Sierra Sage Herbs LLC Acquisition

### Highlights:

- **Sierra Sage Herbs LLC. (“SSH”) acquisition completed – Creso Pharma to benefit from the group’s existing revenue channels, established footprint and US presence**
- **SSH is a leading consumer packaged goods company focused on plant-based and CBD products under the Green Goo, Southern Butter and goodgoo brands with products in the CBD, first aid, beauty, sexual wellness, women’s health and pet categories**
- **Acquisition highlights the Company’s maiden entry into the US CBD market – a major opportunity and expected to grow in value to US\$12Bn by 2026<sup>i</sup>**
- **Revenue generating transaction – Creso Pharma stands to benefit from SSH’s existing sales channels**
- **SSH reported US\$5.7m in CY2021 with growth anticipated – Creso Pharma can also deploy growth capital to the group to expedite opportunities**
- **Creso Pharma to leverage SSH’s established US footprint to drive growth across its all operating divisions**
- **Opportunities to streamline manufacturing and supply chain identified and will be implemented now transaction has been completed**
- **Multiple product development initiatives underway to unlock additional shareholder value**

**Creso Pharma Limited (ASX:CPH, FRA:1X8) (‘Creso Pharma’ or ‘the Company’)** is pleased to advise that following receipt of shareholder approval, it completed its acquisition of Sierra Sage Herbs LLC (“Sierra Sage Herbs” or “SSH”) (refer ASX announcement: 3 February 2022) on Friday, 26 August 2022. As part of the acquisition, Creso Pharma has issued a total of 357,614,203 shares to the vendors of SSH, per the Appendix 2A released on 29 August 2022. Further milestone shares may be issued to the vendors of SSH upon satisfaction of milestone conditions as detailed in the Notice of General Meeting dated 11 July 2022.

This highlights a major milestone for Creso Pharma providing a maiden entry into the US market, an established product suite of plant-based and CBD products, additional revenue channels, in-country supply chain and manufacturing, broadened distribution and relationships with major US retail groups.

Creso Pharma has already secured a number of non-binding agreements to distribute SSH’s products in Australia, Taiwan, Singapore and other territories, as well as advanced plans to considerably progress growth.

### **Near term opportunities and synergistic benefits:**

#### **The US CBD market:**

The US is a large and addressable market for Creso Pharma, expected to grow to US\$12Bn by 2026<sup>i</sup>.



In recent years, Creso Pharma has developed a suite of CBD products that are underpinned by best-in-class intellectual property, which are currently sold across Europe. The acquisition of SSH allows the Company to develop new products, under SSH's established goodgoo brand. Creso Pharma will immediately implement work undertaken to date to expedite the combination of its Swiss IP and SSH's local manufacturing expertise.

Creso Pharma plans to accelerate the broader launch of goodgoo products in the US, leveraging the group's existing in-house marketing expertise, brand recognition, US market knowledge and sales capability.

The Company plans to utilise SSH's relationships with established retail partners, alongside its existing direct to consumer customer base to scale operations.

#### **Sale of non-CBD products outside the US:**

While Creso Pharma has built a range of international partners across the globe, some potential customers have witnessed barriers due to regulation around CBD. The acquisition of SSH provides Creso Pharma with a proven, non-CBD product range as well that the Company can leverage to drive additional sales growth. This has been shown recently through various agreements which have underpinned the expansion of the Company's international footprint.

#### **Acceleration of ImpACTIVE's operations:**

The acquisition provides a strong foundation to advance Creso Pharma's sports focused CBD range, ImpACTIVE. ImpACTIVE products will be marketed and sold through SSH's existing channels, which has the potential to result in sales uptake and relationships with large retailer groups. The Company anticipates the launch of ImpACTIVE's products in the coming weeks.

SSH also has an in-country manufacturing partner with a dedicated product line for the group. This has the potential to lead to lower order lead times and favourable minimum order volumes.

#### **Ongoing product development:**

Both parties have a strong track record in product development and will collaborate to bring new ranges and delivery methods to market. Creso Pharma and SSH management are in discussions around a number of new opportunities, including the functional mushroom sector to drive growth. Creso Pharma will also leverage SSH's existing personnel and their expertise in consumer products to bring new products to market upon completion of the transaction.

#### **Commentary:**

**CEO and Managing Director William Lay said:** *"Completion of this transaction highlight a major growth opportunity for Creso Pharma. In recent months, we have been working closely with SSH's management team and delivered a number of agreements that can unlock value for shareholders.*

*We plan to expedite similar opportunities in the near term to increase SSH's existing revenue profile and utilise the group's established footprint to benefit other business divisions."*

**-End-**

#### **Authority and Contact Details**

This announcement has been authorised for release by the Disclosure Committee of the Board of Directors of Creso Pharma Limited.



For further information, please contact:

### **Investor Enquiries**

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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](http://www.cresopharma.com)

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### **Forward Looking statements**

This announcement contains forward-looking statements with respect to Creso Pharma 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 Pharma 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 Pharma and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Creso Pharma has no obligation to up-date such statements, except to the extent required by applicable laws.

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<sup>1</sup> <https://content.brightfieldgroup.com/2021-us-cbd-market-report>