



15 February 2022

Acquisition of Sierra Sage Herbs LLC progressing well with multiple new product launches with US retailers pending

Highlights:

- Work continues with Sierra Sage Herbs LLC (“SSH”) management to progress the acquisition and the Company’s maiden entry into the US
- Completion will provide Creso Pharma with an immediate US footprint and opportunities for both parties to scale the product suite, grow sales and leverage existing sales channels
- Several product development initiatives pending – new products leverage in-house expertise of both parties
- Initial product launch planned for a new line of Green Goo Immunity Deodorant in February 2022 – product preapproved for sale with CVS, AmazonUS and others
- New product ingredients include functional mushrooms and other herbal formulations
- Functional mushrooms are a sector earmarked for entry – anticipated to be worth US\$19Bn by 2030ⁱ
- Additional product launches and distribution expansion scheduled for Q1 CY2022 – sales expected to grow Creso Pharma’s revenue profile significantly
- SSH’s supply chain, distribution, marketing, and branding expertise to drive immediate increase in sales
- Acquisition is the first of several opportunities for Creso Pharma to increase its exposure in the US – strong foundation to accelerate the growth of sports CBD brand ImpACTIVE

Creso Pharma Limited (ASX:CPH, OTC:COPHF, FRA:1X8) (‘Creso Pharma’ or ‘the Company’) is pleased to provide the following update on proposed acquisition target, Sierra Sage Herbs LLC (refer ASX announcement: 3 February 2022) and planned growth initiatives over the coming months.

Based in Denver, Colorado SSH is leading consumer packed goods company with a focus on plant-based and CBD products. SSH provides pioneering products under their Green Goo, Southern Butter and goodgoo brands. The Green Goo and Southern Butter ranges are currently sold across 90,000 distribution points in the US including CVS, Walgreens Walmart, AmazonUS and Target.com, with a further 20,000 points of distribution expected during Q1 CY2022. The acquisition of SSH will mark Creso Pharma’s maiden entry into the US providing the Company access to world’s largest and fastest growing CBD market, which is expected to reach US\$12Bn by 2026ⁱⁱ.

Creso Pharma and SSH management continue to work collaboratively to complete the acquisition, which is expected to close in late March or early April 2022. Further, both parties have advanced a number of product development initiatives. Since announcement of the proposed transaction, the Creso Pharma and SSH senior management teams have held numerous extensive meetings to outline plans for accelerating market penetration of both companies’ respective product ranges.

SSH anticipates the launch of a new line of herbal ‘immunity’ deodorants which boast ingredients including functional mushrooms and other herbal formulations in February 2022. The functional



mushrooms sector was of initial interest, developing products that exploit certain mushroom varieties which can deliver unique health benefits. The line is being launched under the Green Goo brand and will initially be sold through retailers including CVS, Army & Air Force Exchange Service (AAFES), AmazonUS and Natural Grocers Vitamin Cottage amongst others.

Additional products have been earmarked for development in the Q1 CY2022 include the introduction of a Valentine's Day massage oil and pillow spray launched by Southern Butter. Green Goo is also expecting the expansion of its distribution network for several different product ranges for pain relief, skincare, and oral care.

Creso Pharma is confident that product development initiatives coupled with SSH's established retail partner network will result in an immediate increase in sales. The acquisition establishes a footprint for the Company in the USA and provides a strong foundation to accelerate the growth of its sports CBD brand ImpACTIVE.

CEO and Managing Director, Mr William Lay said: *"In a short amount of time, the strong synergistic benefits resulting from the proposed acquisition are being witnessed with the launch of the new Green Goo immunity deodorant. Both management teams have been working collaboratively to progress the acquisition as well as actively strategizing ways to increase market penetration of both the Creso Pharma and Green Goo product ranges into new markets.*

"SSH has a well-established vast network of key retailers which we plan to leverage for these new products as well as introducing Creso Pharma's product suite of innovative CBD products. We expect to see an immediate increase in our sales as we benefit from SSH's existing revenue streams, and synergies between the two companies. I look forward to updating shareholders on the continuing work with SSH as we move to finalising the acquisition at the upcoming shareholder meeting."

-Ends-

Authority and Contact Details

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

For further information, please contact:

Investor Enquiries

Creso Pharma Limited
E: info@cresopharma.com
P: +61 (0) 497 571 532

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 lifestyle 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

Creso Pharma offices:

Australia

Suite 5 CPC, 145 Stirling Hwy, Nedlands, WA, 6009

Switzerland

Allmendstrasse 11, 6310 Steinhausen, Schweiz

Canada

59 Payzant Drive, Windsor, Nova Scotia, B0N 2T0 and 50 Ivey Ln, Windsor, Nova Scotia, B0N 2T0

Forward Looking statements

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

ⁱ <https://www.globenewswire.com/news-release/2021/11/15/2334409/0/en/Global-functional-mushroom-market-to-reach-19-33-billion-by-2030-Allied-Market-Research.html>

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