



10 May 2023

Wholly-owned US subsidiary Sierra Sage Herbs LLC broadens product suite and expands partnership with Groupon to include full brand range

Highlights:

- **Sierra Sage Herbs LLC finalises formulation of new functional mushroom (non-psychedelic) products – online launch expected in Q2/Q3 through company ecommerce channels and Amazon USA**
- **Products formulated alongside Halucenex Life Sciences Inc. and will highlight the group's expertise in mushroom products and plant botanicals**
- **Product launch provides Creso Pharma with access to a global market valued at US\$26.7m in 2021 and is expected to expand at a CAGR of 10.8% between 2022 and 2030ⁱ**
- **Partnership with global ecommerce marketplace Groupon expanded**
- **Groupon will now include a broader range of SSH brands, comprising a diverse range of leading plant-based products – Ranging now totals 22 products**
- **Expanded Groupon partnership marks a material expansion to the Company's existing distribution footprint in the North American market**
- **Groupon is a strategic partner for SSH which complements the group's broader brand strategy to scale its portfolio across the USA and into international markets**

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to provide the following update on progress via wholly-owned US subsidiary, Sierra Sage Herbs LLC. ('SSH'), which has launched a new product range, as well as expanded its distribution partnership with global e-commerce marketplace Groupon, that connects shoppers with merchants through group voucher discounts and promotions.

Launch of Lucenex functional mushroom products:

The Company is pleased to advise that SSH has expanded its range of all-natural, health and wellness products and plans to launch a range of functional mushroom offerings, which will be sold under the Lucenex range.

The products have been developed in collaboration with Creso Pharma's wholly-owned psychedelics subsidiary, Halucenex Life Sciences Inc., combining the group's knowledge of mushrooms and SSH's botanical expertise.

The Lucenex range is expected to include three stock keeping units (SKUs), focused on health and wellness needs sought through the medicinal properties of functional mushrooms and other plant properties. The new SKUs are expected to be sold through a soon to be launched company ecommerce site (www.lucenex.com) and via Amazon USA. SSH will also leverage its large retail footprint to drive traditional bricks and mortar uptake.



The launch provides Creso Pharma with access to another major growing market segment. The global functional mushroom market was valued at US\$26.7m in 2021 and is expected to expand at a CAGR of 10.8% between 2022 and 2030ⁱⁱ.



Image one: *Lucenex branded functional mushroom tinctures*

Agreement expanded with Groupon:

SSH has also extended its agreement with Groupon, which will see the group range 22 SKUs from the Company's Good Goo and Southern Butter ranges. The expansion provides SSH with another strategic distribution partner as it continues to establish market share for its range of plant-based products in the USA, Canada and international markets.

The extended agreement follows an initial distribution partnership in 2021 with Groupon Goods, Inc ("Groupon"), pursuant to which SSH is entitled to offer certain of its products for sale on the Groupon Platform, in consideration for fees paid on a commission per transaction-based model.

The agreement contains standard terms for an agreement of that nature, subject to certain pricing restrictions in line with the Groupon discount-based business model. As is standard for agreements of this nature, Groupon may, in its sole discretion, elect to change the terms of the partnership, or remove any or all products from listing on its platform, at any time, and either party may terminate the agreement at any time. Under the terms of the expanded agreement, Groupon will now include a broader range of SSH brands.

Groupon's user base comprises ~22m active customers globally, and generates around 100m visitor sessions per month across mobile applications and website. During CY2022, the Groupon platform facilitated US\$1.8bn of transactions, and generated full-year revenues of US\$600m. The partnership provides a channel for the SSH brand suite to reach a significantly larger audience, with daily deals and limited-time offers.

As a strategic partnership, SSH can benefit from Groupon's established reputation in the market to help drive sales, and also leverage a broad data set that will assist SSH brands to refine their marketing strategies. Accessible information from the Groupon platform includes customer behaviour, purchase



patterns, and campaign performance, which can be used to inform future marketing efforts and improve overall brand growth.

Management commentary:

CEO and Managing Director, Mr William Lay said: *“The expected launch of the Company’s functional mushroom products follows considerable R&D and collaboration with Halucenex Life Sciences, in an effort to showcase our CPG product development knowledge and go to market capabilities. We are very confident that the finished product will deliver another natural solution that will resonate with consumers and drive additional sales growth.*

“Further, the expansion of the Company’s agreement with Groupon reflects the ongoing strength of the working relationship with one of our key strategic distribution partners. The inclusion of additional SSH products marks another step in the Company’s strategy to convert its existing market position into additional distribution opportunities. We look forward to providing more updates on SSH’s expansion strategy across the US market, both for its core brand suite as well as cross-selling opportunities for other Creso Pharma subsidiaries.”

-Ends-

Authority and Contact Details

This announcement has been authorised for release by the Disclosure Committee 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 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

About Groupon

Groupon is a global scaled two-sided marketplace that connects consumers to merchants. Consumers access the marketplace through Groupon mobile applications and websites, which are primarily localized groupon.com sites in many countries. The company operate in two segments, North America and International, and in three categories, Local, Goods and Travel.



The Company's user-base comprises millions of customers globally who use the platform to discover new brands and products. The platform fosters strong partnerships with its merchant partners to help build quality local businesses with the strength of a globally coordinated marketplace.

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.grandviewresearch.com/industry-analysis/functional-mushroom-market-report>

ⁱⁱ <https://www.grandviewresearch.com/industry-analysis/functional-mushroom-market-report>