



23 November 2022

Health House International Limited integration well progressed and complete product registration for anibidiol® range achieved in South Korea

Integration of Health House continues with acquisition to considerably increase revenue:

- Creso Pharma and Health House International management continue to work towards integration
- Funds transferred to relinquish HHI of Zelira debt ahead of acquisition
- HHI expected to considerably increase Creso Pharma's revenue profile
- Inclusion of HHI's revenue implies a pro forma Creso unaudited last quarter annualized gross revenue (based on 30-Sep-22 quarter) of approximately A\$24m (based on Creso revenues and entire quarter of SSH and HHI revenues)

Product registration in South Korea underpins international expansion:

- anibidiol® products range successfully registered as a complementary feed product in the South Korean market – allows for importation and commercialisation opportunities
- The registration approval comprises anibidiol® hemp oils, and anibidiol® granules and anibidiol® dogs biscuits
- Regulatory approval completed alongside established in-country partner, Providence Animal Health Korea Ltd
- Providence Animal Health Korea Ltd is a leading B2B and B2C provider of pet food and pet health products in South Korea
- The group has extensive distribution and relationships with Korean veterinarian clinics, veterinarians and animal health shops, as well as established e-commerce channels
- Product launch is targeted for Q1 2023 – providing another potential sales channel for Creso Pharma's Swiss division
- anibidiol® products are exported from Switzerland, where they have been developed and are produced and managed by the Company's experienced Swiss personnel, Korea offers an attractive animal health market with an estimated 5.2m dogs and over 2.3m cats registered as domestic petsⁱ

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to provide the following update on integration activities with Health House International Limited (ASX:HHI) ("Health House" or "HHI") (refer ASX announcement: 21 November 2022) and ongoing international expansion and product approval initiatives through its established Swiss division.



Integration of Health House to unlock significant revenue increases:

The Company has continued to work alongside Health House management on ongoing integration opportunities, as part of Creso Pharma's broader strategy assembling a strategic portfolio of businesses and brands that have complementary strengths across manufacturing, processing, formulation, sales and distribution.

Most recently, Creso Pharma has completed the transfer of funds to relinquish HHI's debt to Zelira. As noted in the release dated 21 November 2022, the Company will also seek shareholder approval for the issue of shares in order to settle the Zelira debt. This will leave HHI in a strong financial position prior to the completion of the Scheme Implementation Deed.

Creso Pharma is confident that the acquisition of HHI will provide a number of international expansion opportunities related to medicinal cannabis sales. The Company will leverage Health House's existing suite of strategic licenses to unlock growth across the Australian and UK cannabis markets.

The acquisition is also anticipated to increase Creso Pharma's revenue profile. During FY2022 (year ended 30 June 2022), HHI generated \$15,644,524 in revenue which represented an increase of 85.1% on FY2021 (FY2021: \$8,449,564) and a 161.6% surge on FY2020 (FY2020: \$5,978,940). Inclusion of HHI's revenue in the pro forma Creso portfolio, takes the Creso's unaudited last quarter annualized revenue (based on 30-Sep-22 quarter) to A\$24m and growing.

South Korea product registration completed:

The Company is also pleased to advise that it has achieved product registration for its entire anibidiol® product range in South Korea as complementary feed. The process was completed in collaboration with commercial partner Providence Animal Korea Ltd ("Providence Animal Health Korea") (www.farmina.co.kr/shop/) and comprises all products including anibidiol® 2.5mg, 8 granules anibidiol® 500, 3,500 and anibidiol® dogs biscuits.

Finalisation of the registry process follows a Letter of Intent between the two parties (refer ASX announcement: 12 July 2022) and the subsequent signature of a Commercial Term Sheet on 8 August 2022 for the registration, importation and commercialization of Creso Pharma's anibidiol® product suite for the South Korean market.

Providence Animal Health Korea is a leading supplier of pet food products in South Korea. The group has an established customer base focused on B2B and B2C verticals. Through B2B channels it covers veterinarian clinics, and veterinarians and animal health shops in South Korea, particularly those that emphasise the sale of high-end prescription diets and pet foods. The group also has a strong consumer following through its established ecommerce channels.

Creso Pharma's anibidiol® products are developed and are produced in Switzerland. The products for the South Korean will be exported from Switzerland and sold by Providence Animal Korea Ltd in Korea through veterinaries, clinics and via e-commerce.

The Company anticipates the commercialisation and first sales of the anibidiol® product range in South Korea will commence during Q1 CY2023, underpinning Creso Pharma Switzerland's divisional revenue.



Image one: Creso Pharma's anibidiol® product range

The storage and supply of the anibidiol® product range will be undertaken at Providence Animal Health's GMP certified pharmaceutical grade facility in Anseong, Kyunggi-do. The facility is one of the most advanced in South Korea and is used by large multinational companies including Bayer and Pfizer for medicine and medical device storage.

Registration of the entire Creso Pharma Animal Health product range in South Korea represents another milestone in the Company's international expansion and has the potential to unlock a significant market opportunity for both partners. Entry into the South Korean market will provide access to the growing domestic pet market, which in 2022 had an estimated 5.2m dogs and 2.3m cats registered as domestic petsⁱⁱ.

Management commentary:

Providence Animal Health Korea's CEO, Mr Juneyoung Park said: *"We are very pleased having achieved registration of the anibidiol® line in record time in Korea. This will address the substantial market of pets in need of plants-based complementary feed to support the management of stress situations."*

Creso Pharma's Managing Director and CEO, Mr William Lay said: *"Creso Pharma has continued to progress a number of concurrent work streams, which have the potential to unlock considerable value for shareholders, as well as an increase in the Company's revenue."*



“Work to acquire HHI is well progressed, with the Zelira debt now relinquished. Further, we continue to work with management towards growth opportunities upon the completion of the acquisition.

“Through the Company’s Swiss division, the fast and efficient achievement of the anibidiol® product range registration in Korea exemplifies the excellent collaborative work between Creso Pharma and Providence Animal Health.

“This commercialisation initiatives and product launch in Korea are of strategic importance to Creso Pharma and the Company’s ongoing international expansion opportunity. We are confident that the introduction of our leading, Swiss manufactured range will assist in addressing the needs of the Korean pet market, while laying a strong foundation for further expansion in the Asia-Pacific region. We are excited to continue working with such a well established partner in as Providence Animal Health in Korea.”



Image two: Providence Animal Health Korea’s state-of-the-art GMP grade facility

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Authority and Contact Details

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

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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

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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.

¹ <https://www.statista.com/statistics/661514/south-korea-cat-population/#:~:text=Number%20of%20pet%20cats%20in%20South%20Korea%202010%2D2021&text=In%202021%2C%20it%20was%20estimated,amounted%20to%20around%205.18%20million.> & <https://www.statista.com/statistics/661495/south-korea-dog-population/#:~:text=In%202020%2C%20it%20was%20estimated,year%2C%20at%20roughly%202.3%20million.>