



16 March 2022

## **Significant progress made with Sierra Sage Herbs LLC to unlock United States product sales and manufacturing**

### **Highlights:**

- **35,000 CannaQIX 50 lozenge products from Creso Pharma Switzerland to be sent to Sierra Sage Herbs LLC (SSH) for initial sales run and, test and learn initiatives**
- **SSH to market and distribute CannaQIX products under leading CBD-focused Good Goo brand**
- **Product to initially launch through SSH's ecommerce channels – the group has an established online customer base of over 150,000 consumers**
- **SSH's online sales continue to grow pleasingly – ecommerce sales up 69% to date since 3 February 2022**
- **Customer online shopping sessions increased by 62% in the same period with a 3% conversion rate**
- **SSH has generated over 3.1m online impressions between 6 February 2022 and 7 March 2022 – highlights strong online presence ahead of sale of Creso Pharma products**
- **Sales anticipated to commence shortly, with objective to test consumer demand and preferences prior to closing of SSH and Creso transaction (expected Q2 2022), after which larger scale sales and manufacturing will commence**
- **SSH's US based contract manufacturer has been able to prepare samples of ImpACTIVE product for review**
- **Upon finalisation of these formulations, ImpACTIVE sales anticipated to launch in Q2 2022**
- **Creso Pharma to leverage SSH's contract manufacturer to expedite product manufacturing and lower overheads**
- **Ongoing value accretive opportunities between Creso Pharma and SSH being explored with additional developments expected shortly**

**Creso Pharma Limited (ASX:CPH, OTC:COPHF, FRA:1X8) ('Creso Pharma' or 'the Company')** is pleased to advise that it has progressed a number of cross selling opportunities and contract manufacturing initiatives between existing subsidiary companies and its proposed acquisition target, Sierra Sage Herbs LLC ("SSH") (refer ASX announcement: 3 February 2022). These developments have the potential to increase Creso Pharma's sales footprint in the US, as well as expedite new product launches.

### **Creso Pharma Switzerland products to be sold through SSH's leading Good Goo brand:**

To progress potential cross selling opportunities across business divisions, the Company will shortly send 35,000 CannaQIX 50 lozenge products from Creso Pharma Switzerland to SSH which will be made available for sale through its leading Good Goo brand.



CannaQIX is Creso Pharma's unique, standardised nutraceutical product containing hemp oil, vitamins and zinc, delivered in a sugar free lozenge formulation. The product is developed in Switzerland, with an innovative buccal delivery system that provides rapid absorption and high bioavailability.

The initial shipment to SSH will be sold under the group's established Good Goo brand, which is focused on the marketing and sale of CBD-based products, with added hemp extract CBD for additional health benefits.

The cannaQIX 50 lozenges will be rebranded under the Good Goo brand and launched on SSH's ecommerce channels. SSH has a strong online sales presence, having serviced over 150,000 customers across the US.

SSH has continued to significantly increase its online sales presence in the recent weeks. The group has achieved a 69% increase in online sales from 3 February 2022 to date, with customer online store sessions rising by 62% with a 3% conversion rate. This follows a significant increase in online impressions to 3.1m between 6 February 2022 and 7 March 2022<sup>i</sup>.

Creso Pharma is confident that this initial product launch will provide insight into consumer demand for its Swiss-manufactured product in the US and build a strong foundation for future product launches through SSH's ecommerce channels. Both SSH and the Company are continuing to progress potential retail agreements for Creso Pharma Switzerland products, leveraging SSH's established relationships with major US retail groups across the country.

#### **Contract manufacturing of ImpACTIVE products in the US:**

To progress product development and lower overheads associated with manufacturing, both Creso Pharma and SSH have completed sample contract manufacturing of a suite of sport CBD-based products through SSH's existing contract manufacturer in the US. The products are now being shipped to ImpACTIVE in Canada, ahead of a proposed launch in Q2 2022.

SSH's contract manufacturer has a dedicated product line set up for the group, which Creso Pharma plans to utilise for ImpACTIVE products which has the potential to lead to lower lead times on orders and more favourable order quantities compared to the Company's existing manufacturers.

Creso Pharma and SSH continue to collaborate on opportunities to launch the ImpACTIVE brand across SSH's established ecommerce channels and through key retail relationships over the coming months.

#### **Management commentary:**

**CEO and Managing Director Mr William Lay said:** *"Our work with the team at Sierra Sage Herbs has continued to progress significantly ahead of the completion of the proposed acquisition. Over the last few weeks, we have been working with Jodi and her management team to progress initiatives that will allow Creso Pharma to commence a number of value accretive initiatives on closing of the transaction.*

*"The initial shipment of Creso Pharma Switzerland products marks an important milestone and will allow us to test the market, as well as learn how consumers will engage with the Company's product suite. This will build an important foundation for us as we progress towards larger product launches upon closing of the transaction.*



*"We are also very pleased with the completion of an initial ImpACTIVE product line through the group's contract manufacturer. By leveraging SSH's manufacturing relationships, as well as marketing, branding, e-commerce and big box retailer expertise and networks, we expect to significantly accelerate impACTIVE's route to market. We anticipate to launch these products to consumers in the coming months, which will provide another revenue stream for the Company."*

**-Ends-**

### **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 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.

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<sup>i</sup> All periods are compared to 1 January 2022 to 2 February 2022