



9 February 2023

Creso Pharma reports strong progress across various business units

Highlights:

- **US subsidiary Sierra Sage Herbs has secured distribution for its leading range of plant-based products across more than 3,000 stores, including product ranging agreements at Walgreens and Walmart**
- **Creso Pharma's wholly-owned subsidiary, Mernova Medicinal Inc, has expanded into its seventh province in Canada after receiving regulatory approval to operate in Newfoundland, up from representation in four provinces at the beginning of 2022**
- **Mernova has also been granted a 5 year renewal of its Health Canada licenses for Cultivation, Processing and sale of cannabis products through to 2028**
- **aOngoing expansion of the Swiss anibidiol® business, with two new orders from international customers in Belgium and South Korea totalling CHF\$192,600 (A\$300,000)**
- **Canadian subsidiary, ImpACTIVE recently secured its largest purchase order since inception with a US\$48,270 (A\$70,400) sale of the Pro Releaf stick roll-on product to US supermarket chain, Grocery Outlet**
- **Broad traction across multiple verticals is a validation of Creso Pharma's global sales & distribution strategy, and sets the Company up for a strong year of growth in 2023**

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to provide shareholders with the following update summarising several key milestone achievements the group has achieved in operations and business development to start the year.

Sierra Sage Herbs ('SSH') secures product distribution across more than 3,000 US stores:

US subsidiary, SSH has significantly expanded the sales pipeline for its leading range of beauty and personal care products, each of which utilise a proprietary plant-based lipid infusion process.

Over the next two months, Sierra Sage Herbs products will be stocked across a network of major US retail outlets following the execution of several strategic distribution partnerships.

SSH has secured product ranging agreements with retail conglomerates including Walgreens, where its plant-based pain relief products will be stocked across 500 stores, and US retail giant Walmart, which will stock Sierra First-Aid 'travel tins' across 800 retail stores.

Sierra has also secured product ranging for its Tattoo Aftercare Salves at Food Lion, a regional grocery store chain headquartered in North Carolina that operates over 1,100 supermarkets across 10 US states.

Other distribution initiatives include multi-product ranging deals with Fresh Thyme Market, Bed Bath & Beyond and Harris Teeter.



Mernova Medicinal Inc announces largest ever purchase order ('PO') in the Canadian market:

The Company's wholly-owned Canadian subsidiary, Mernova Medical, recently received regulatory confirmation to expand distribution into the province of Newfoundland.

Mernova has formally received regulatory approval from the Newfoundland Labrador Liquor Corporation (NLC), following an extensive period of consultation and collaboration. In accordance with Mernova's application for authorisation, the NLC has approved two Mernova products; Black Mamba 3.5g dried flower and 0.5g pre-roll joints, sold under the *Ritual Green* and *Ritual Sticks* brands, with further product approvals expected in future.

The approval further consolidates Mernova's market position in Canada, following similar approval in January 2023 to expand into Manitoba which brought its total operational footprint to six provinces (refer ASX Announcement: 24 January 2023) – now seven with the addition of Newfoundland.

Mernova has also been granted a 5 year renewal of its Health Canada Licenses for cultivation, processing and sale of cannabis products, highlighting Mernova management's focus on high quality standards and adherence to regulatory protocols.

Creso Pharma Switzerland ('CPS') secured maiden South Korea anibidiol® purchase order:

CPS secured an anibidiol® purchase order covering the entire Creso Animal Health product range as complementary feed with Providence Animal Health Korea Ltd, to the value of CHF\$139,800 (~A\$217,400) with Providence Animal Health Korea Ltd ('Providence'). Under the terms of the sale, 50% of the value is paid at order placement, with the remaining 50% completed after a review of product samples, which is expected to be completed in Q2 2023. The sale followed the achieved registration of all Creso Animal Health products in the South Korean market (refer ASX Announcement: 23 November 2022), and successful laboratory testing of the products by the Korean authorities in early 2023. The PO is binding and does not contain a termination clause.

This achievement follows a significant regulatory process and highlights the capability of Creso's Swiss management team to take projects from conception to completion.

CPS receives follow-up anibidiol® purchase order:

CPs also secured a follow-up PO covering its animal health product range from Virbac Belgium in the value of CHF\$52,800 (~A\$82,100) which will be paid shortly after delivery in April 2023.

Virbac Belgium is launching the new anibidiol® NATURE range in Q1 2023. The brand name extension 'NATURE' reflects the use of hemp flower as an ingredient, which in turn provides an improved entourage effect (the combination of botanic natural compounds in the plant) from the plant's components. The PO is binding and does not contain a termination clause.

ImpACTIVE secures largest US PO and enters bricks & mortar retail channels:

Creso Pharma's wholly-owned Canadian subsidiary, ImpACTIVE Inc. ('ImpACTIVE') recently received its largest US PO to date, and also expanded distribution into a number of traditional bricks and mortar stores in the USA. As impactive is a recently launched business for Creso, its first large retail PO represents significant progress, with the product being well received and the first production run now sold out. This also demonstrates the effectiveness of Creso's shared services model, with Sierra Sage Herbs relationships playing a key role in the receipt of this PO.

ImpACTIVE secured a US\$48,720 (~A\$70,400) PO for its Pro Releaf Stick roll-on product from US supermarket chain, Grocery Outlet. The product is expected to be on shelves in stores across the US



this quarter and is ImpACTIVE Inc's largest order since launch in Q4 FY2022, confirming the early success of its strategic expansion into traditional retail channels in North America. The PO is binding and does not contain a termination clause.

Following receipt of the order, the Company has also been ranged in several independent retailers the Canadian market, including chiropractic and wellness clinics, sporting clubs and specialist CBD dispensaries.

ImpACTIVE continues to work alongside Creso Pharma's wholly-owned US focused subsidiary, Sierra Sage Herbs LLC ("SSH") to leverage their established retailer network to drive expansion.

ImpACTIVE has now commenced a second product run, which will allow it to fill its growing order pipeline across the USA. This will be complemented by work being undertaken to increase high-margin ecommerce sales.

Creso Pharma's Managing Director and CEO, Mr William Lay said:

"These operational highlights are a testament to Creso Pharma's strong run of execution in pursuit of its global, multi-channel sales strategy. The sales momentum, combined with the group's expanded distribution footprint provide the company a great foundation on which to deliver strong performance in 2023.

"What's particularly pleasing for the Creso management team is that each of these sales and distribution breakthroughs is a by-product of direct consultation and extensive collaboration with regulators and clients across multiple jurisdictions globally.

"We look forward to adding additional value from these partnerships in the years ahead, as Creso continues to leverage its IP and market-leading product suite to generate a step-change in sales, in line with the broader ongoing growth of the global market for medicinal cannabis and plant-based health solutions."

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 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 Driver, 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.