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Creso Pharma appoints leading cannabis executive as Director of US Business Development

Company welcomes New York State legalisation of recreational cannabis

Leading cannabis executive appointed Director of US Business Development:

- **John Griese appointed Director of US Business Development, bringing ~30 years experience in sales, CPG operations and supply chain management to Creso Pharma**
- **Mr Griese was previously Chief Operating Officer of Supreme Cannabis (FIRE.TSX) and Blooms Farms**
- **Focus will be on growth opportunities in anticipation of US federal legalisation of cannabis**

Appointment is part of Creso Pharma's commitment to growing its presence in the US and following the recent legalisation of recreational Cannabis in New York State as well as New Mexico recently passing legislature which is set to legalise the use of recreational Cannabis. New Mexico is located on the US Mexico border which is highly strategic ahead of the up anticipated upcoming US federal legislation as this will be the gateway to Mexico and South America.

New York State legislates recreational cannabis:

- **Creso Pharma welcomes Marijuana Regulation and Taxation Act ("MRTA") to legalise, tax and regulate recreational cannabis in New York State**
- **Legalisation unlocks a market expected to become one of the largest in the USA, with an estimated value of US\$4.2Bnⁱ**
- **Creso Pharma currently sells a range recreational products in regulated markets in Canada and has a strong track record in navigating regulatory framework in both recreational and medicinal markets across multiple jurisdictions**
- **Creso Pharma's strategic partnership with CERES, a subsidiary of Vermont's largest independent cannabis company, may unlock additional opportunities in the New York area and surrounding states**
- **Creso Pharma is well positioned to become a first mover in the US medicinal and recreational cannabis sectors subject to federal legalisation**
- **Recent hire gives Creso a head start in North American land grab strategy**



US OTC Listing progress:

- **US OTC market listing expected this quarter, anticipated to provide additional exposure to North American market**
 - **Proposed timing is favourable following recent regulatory developments in New York State, New Mexico and Mexico as well as the anticipated federal legalisation of recreational cannabis in the US**
 - **OTC listing provides greater exposure to for Creso Pharma's cannabis and psychedelic portfolio of products and treatments**
 - **Recent ASX dual listings on OTC market provide greater international exposure**
 - **Timing of the Dual listing bodes extremely well as more and more US states are legalising,**

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to advise that it has appointed leading cannabis executive Mr John Griese as Director of US Business Development. This follows the global trend towards cannabis legalisation as well as recent legislation in New York State legalising recreational marijuana.

Mr Griese is an accomplished senior leader and brings nearly 30 years of executive level experience in sales, Consumer Package Goods (CPG) and supply chain management expertise to Creso Pharma. He has undertaken roles with large multinational companies including Nestle and Pepsico and also has considerable experience in the cannabis sector through previous roles with Creso Pharma, Blooms Farms and his most recent position as Chief Operating Officer ("COO") at Supreme Cannabis Company (FIRE.TSX, market capitalisation: ~C194.8mⁱⁱ).

As COO of Supreme Cannabis Company, Mr Griese was directly responsible for product development, commercialisation initiatives, procurement, manufacturing operations and supply chain management. He was instrumental in aligning cost structure with revenue, assuring compliance standards for new products and assisted in optimising the group's four facilities and 650 employees to reach full capacity.

During his time as COO at Bloom Farms, a branded cannabis manufacturer and distributor in California, Mr Griese scaled operations and implemented a number of processes necessary to meet the requirements for the regulated adult use marketplace in California.

Both Mr Griese's roles with Supreme Cannabis Company and Blooms have left him with considerable knowledge of the North American cannabis sector, as well as a number of established relationships that he will be able to leverage to drive growth for Creso Pharma.

Mr Griese has a solid understanding of Creso Pharma's operations, developed through his previous role for the Company as Chief Operating Officer, Americas (refer ASX announcement: 14 June 2018). As Director of US Business Development, Mr Griese will pursue revenue generating and value accretive opportunities in the North American market to further establish Creso Pharma's footprint ahead of the potential legalisation of recreational cannabis.



New York State Legislates Recreational Cannabis

Following recent legalisation of recreational cannabis in New York State, Mr Griese will focus on New York, Vermont and other states to delineate a strategy for Creso Pharma to begin delivering products into the USA. New York State is expected to become one of the largest recreational markets in the US valued at US\$4.2Bnⁱⁱⁱ.

Creso's ability to export its cannabis products into the USA will remain subject to the federal legalisation of cannabis. Having Mr Griese commence supply, sale, distribution and partnership agreements now, pending federal legalisation provides the Company with an opportunity to be a first mover in this large market, and will provide a significant competitive advantage over its peers.

Once federal legalisation occurs, Creso expects to have made inroads into the US via these partnerships and agreements, which will provide speed to market and allow the Company to cater to the largest consumer market of cannabis in the world in a much more seamless manner.

Creso Pharma also welcomes the Marijuana Regulation and Taxation Act ("MRTA") which has been introduced to legalise, tax and regulate recreational cannabis for adults that are 21 years and over in New York State.

The introduction of the MRTA follows long term attempts to legalise recreational cannabis in New York State. The legislation would create a new Office of Cannabis Management (OCM), which would be controlled by a Cannabis Control Board. The OCM would then regulate the sale and distribution of both recreational and medicinal cannabis in New York State.

The MRTA was approved on 31 March 2021 with a budget for the framework to be established by 1 April 2021^{iv}. Under the new legislation, it is expected that up to three ounces of marijuana would be legal to possess^v. If passed, New York State would become the fifteenth US state to legalise recreational marijuana^{vi}.

The MRTA will pave the way for the growth of a potential US\$4.2Bn industry that could generate tens of thousands of jobs and lead to the creation of one of the largest recreational cannabis markets in the US^{vii}.

New York Governor Andrew Cuomo stated: *"For generations, too many New Yorkers have been unfairly penalized for the use and sale of adult-use cannabis, arbitrarily arrested and jailed with harsh mandatory minimum sentences," Cuomo said in a statement. "After years of tireless advocacy and extraordinarily hard work, that time is coming to an end in New York State."*^{viii}



Image: New York State Governor Andrew Cuomo



Creso Pharma already has an established footprint in the Canadian recreational market via its wholly-owned Canadian subsidiary Mernova Medicinal Inc. (“Mernova”). Both Creso and Mernova have previously navigated through complex regulatory frameworks and successfully launched 10 recreational cannabis products through its Ritual Green and Ritual Sticks brands in four large provinces across Canada. Mernova has been generating revenues from recreational cannabis sales since September 2020 (refer ASX announcement: 21 September 2020).

Mernova operates a fully licensed 24,000 square foot cultivation and growing facility, which is only 219 miles from the US border. This provides the ideal location to service the North American recreational cannabis market following federal legislation.

Creso is confident that its established operations in Canada will provide it with a first-mover advantage in the US recreational cannabis market following federal legislation. Subsequent to the Company’s recent placement (refer ASX announcement: 26 March 2021), Creso Pharma and Mernova are well funded to scale up production capacity and operations in Canada, and pursue opportunities across North America when possible. While the potential market for legal recreational cannabis in New York State is valued at US\$4.2Bn, the United States is expected to reach almost US\$30Bn by 2025^{ix}.

Creso Pharma also has entered into a non-binding letter of intent (“LOI”) with CERES Natural Remedies (“CERES”) (refer ASX announcement: 1 March 2021) in the US. CERES is a leading Vermont-based distribution company and a subsidiary of High Fidelity, Vermont’s largest independent cannabis company. Under the terms of the LOI, the parties agreed to enter into a formal commercial agreement on or before 1 April 2021 (which has now been extended to 1 August 2021) setting out the terms upon which CERES will sell Creso’s anibidiol® animal health products through its established distribution network in the US, subject to federal legalisation of CBD in the US.

Following the recent legalisation of recreational cannabis in New York State, Creso’s Board and management are currently exploring a number of opportunities through both Mernova and CERES to drive growth through New York State, subject to US federalisation. The Company looks forward to updating shareholders on progress in the coming months.

Commentary:

Non-executive Chairman Adam Blumenthal said: *“We are very excited to welcome John back to Creso and Board and management are very confident that his new role will unlock a number of potential opportunities for the Company throughout the US.”*

“The recent legislative push in New York State highlights the ongoing shift towards the federal legalisation of recreational cannabis and John’s appointment shows Creso Pharma’s commitment to establishing a strong foothold in-country to unlock value for our shareholders.”

“To already have boots on the ground in the US will provide the Company with a key advantage over our competition. John has established relationships in the US market through his roles in California and Toronto and we look forward to leveraging his network in the coming months.”

John Griese added: *“The North American market provides a significant opportunity for Creso Pharma and I look forward to working with the Company to assist in growing its foothold in the US.”*

“Creso Pharma has a wide range of innovative products across all of its operating divisions, which are very well suited to meet the growing demand from American businesses and consumers.”



"I have a strong understanding of the Company's operations from my precious role with Creso Pharma and a deep understanding of the US market. I look forward to working with management to develop a strategy that will ensure Creso becomes a market leader in the US."

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Authority and Contact Details

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

For further information, please contact:

Investor Enquiries

EverBlu Capital

E: info@everblucapital.com

P: +61 2 8249 0000

Released through:

Ben Jarvis, Six Degrees Investor Relations: Ph: +61 (0) 413 150 448

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

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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- i <https://www.nytimes.com/2021/03/25/nyregion/ny-legalize-marijuana.html>
- ii Market capitalization as at 30 March 2021
- iii <https://www.nytimes.com/2021/03/25/nyregion/ny-legalize-marijuana.html>
- iv <https://apnews.com/article/new-york-recreational-marijuana-deal-5a5c4eb8da56eb7f094162d615ae1a28>
- v <https://abcnews.go.com/US/york-state-leaders-agree-legalize-recreational-marijuana/story?id=76736169>
- vi <https://abcnews.go.com/US/york-state-leaders-agree-legalize-recreational-marijuana/story?id=76736169>
- vii <https://www.nytimes.com/2021/03/25/nyregion/ny-legalize-marijuana.html>
- viii <https://www.governor.ny.gov/news/governor-cuomo-and-legislative-leaders-announce-agreement-legalize-adult-use-cannabis>
- ix <https://www.forbes.com/sites/irisdorbian/2019/09/24/new-cannabis-report-predicts-legal-sales-to-reach-nearly-30-billion-by-2025/?sh=3ced6a131121>