



6 July 2021

## **Creso Pharma secures first purchase order from Red Light Holland to sell hemp CBD products in the Netherlands**

### **Highlights:**

- **Purchase order from Red Light Holland's ("RLH") wholly-owned distribution company SR Wholesale for Creso Pharma's cannaQIX® CBD lozenges and cannaQIX® hemp instant tea**
- **PO valued at CHF152,220 (A\$218,803<sup>1</sup>) – adds to Creso Pharma's growing revenue profile**
- **Hemp CBD products to be sold under existing Red Light Holland Brands including iMicrodose – RLH has an established market presence, including over 25 Smart Shops across the Netherlands**
- **SR Wholesale has a strong distribution network of over 400 companies that sell CBD and other products across Europe, as well as access to another 1,000 points of sale across Europe**
- **Product development initiatives to combine functional mushrooms and other compounds to Creso Pharma products are being explored**
- **Strategic decision to utilise lozenge and tea delivery methods will provide speed to market for new combinations and products**
- **Additional orders anticipated in coming months with SR Wholesale expected to considerably broaden Creso Pharma's market penetration**

**Creso Pharma Limited (ASX:CPH, FRA:1X8) ("Creso Pharma" or the "Company")** is pleased to advise that it has secured its first purchase order ("PO") from Red Light Holland's wholly-owned distribution company SR Wholesale B.V. ("SR Wholesale") for Creso Pharma's leading range of Swiss manufactured hemp CBD products. This marks the first purchase order between Red Light Holland and Creso Pharma and an important step ahead of the creation of The HighBrid Lab. Both parties are also aggressively pursuing product development initiatives to explore the potential of combining functional mushrooms and other compounds with Creso Pharma's existing product suite, should the proposed merger with Red Light Holland be approved by shareholders.

The PO is valued at CHF152,220 (A\$218,803<sup>1</sup>) for Creso Pharma's cannaQIX® hemp CBD lozenges and cannaQIX® hemp instant tea. The products will be introduced under the established iMicrodose and/or other Red Light Holland brands.

Pursuant to the purchase order, Red Light Holland and SR Wholesale will market and distribute the products across the Netherlands. SR Wholesale has a very strong market presence in the Netherlands, as well as an established distribution network of over 400 companies that sell CBD and other products across Europe. This includes a number of sub-distributors, which provide access to over 1,000 shops across the Netherlands, Spain, Germany, UK, France and Portugal.

Creso Pharma's Swiss-manufactured products use innovative buccal formulations that enhance bioavailability of the active ingredients. Each product has been developed following considerable capital expenditure and R&D undertaken by Creso Pharma's experienced management team in Switzerland. Notably, Creso Pharma's hemp tea products are based on full spectrum hemp plants and



utilise innovative technology to optimise the hemp CBD content allowing for a superior product taste. The Company uses native tea instead of extracts allowing Creso Pharma to sell the product in countries where hemp tea is considered food and hemp extract is regulated, enhancing Creso Pharma and now Red Light Holland's ability to expand market reach.

This purchase order is an important first step in the potential merger of Red Light Holland and Creso Pharma to create The HighBrid Lab. The introduction of these products will provide existing SR Wholesale customers with a greater understanding of Creso Pharma's leading products and formulations.

Further, as noted, both Red Light Holland and Creso Pharma have been actively exploring the potential to combine functional mushrooms and other compounds into existing Creso Pharma lines, subject to completion of the proposed merger with RLH. The parties look forward to updating shareholders on progress in the near term.

**Red Light Holland CEO and Director, Mr Todd Shapiro said:** "Red Light Holland is a true believer in the quality of Creso Pharma's carefully curated and innovative hemp CBD products. SR Wholesale already sells CBD products to a variety of locations in the Netherlands and thus we have the data to show that CBD remains popular as a product category. We are extremely excited to be able to capitalise on these consumer insights by introducing high quality, Red Light Holland branded CBD products to our core market."

**Creso Pharma's Non-Executive Chairman, Adam Blumenthal added:** "The maiden purchase order between Red Light Holland and Creso Pharma is an important milestone for both parties, and demonstrates the synergies and strategic opportunities driving the merger of the two companies. Red Light Holland has a number of established brands in the Netherlands, which are well known and trusted by consumers and to be able to white label our leading Swiss manufactured product suite through these has a number of competitive advantages to drive increased sales. We look forward to leveraging SR Wholesale's distribution network to create a strong foundation for future growth."

"We continue to work very closely with Red Light Holland's management team to explore potential product development initiatives which may involve the combination of functional mushrooms and other compounds into our existing CBD product lines. We intend to initially focus on both lozenge and tea delivery methods and leverage the existing knowledge to our Swiss-based management, as well as Red Light Holland's extensive experience to progress the introduction of these new products as quickly as possible."

"We anticipate that orders from SR Wholesale will grow as customers and consumers realize the significant benefits of our CBD products."

**-Ends-**

### **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](mailto: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](http://www.cresopharma.com)

**About Red Light Holland**

Red Light Holland is an Ontario-based corporation engaged in the production, growth and sale (through existing Smart Shops operators and an advanced e-commerce platform) of a premium brand of magic truffles to the legal market within the Netherlands, in accordance with the highest standards, in compliance with all applicable laws.

**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>1</sup> CHF to AUD exchange rate of \$1.44