



8 May 2023

Health House International Limited (ASX: HHI) transaction and operational update

Highlights:

- **Scheme of Arrangement to acquire 100% of the issued capital in Health House International approved and becomes effective**
- **HHI is an international pharmaceutical distributor, specialising in (but not limited to) the distribution of medicinal cannabis products in Australia and other international markets**
- **Acquisition considerably broadens Creso Pharma's global distribution and provides another growing revenue channel**
- **HHI generated \$5.95m in cash receipts for the three month period ended 31 March 2022 – a 10.1% increase on the prior period and a 36.4% rise on the prior comparative period**
- **Combined CPH revenue and HHI cash receipts as a proxy for revenue takes unaudited pro forma revenue to \$8.26m or over \$33m on a last quarter annualised basis**
- **HHI is also actively broadening its licence suite –Health House has formally lodged applications for state licence amendments to import and distribute medicines containing psilocybin and MDMA for either clinical trial purposes or certain mental health conditions under authorised psychiatrists.**
- **Acquisition highlights the Company's ongoing commitment to advancing a commercial pathway in the Australian market, following TGA indication that medicines containing psilocybin and MDMA for prescription by specifically authorised psychiatrists for the treatment of certain medical conditions would be permissible from 1 July 2023**

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to provide the following update on its acquisition of Health House International Limited (ASX: HHI) ("Health House"), as well as recent operational progress which has the potential to broaden HHI's suite of licences and Creso Pharma's Australian market presence.

Scheme approved and becomes effective:

The Company advises that on 4 May 2023 the second Supreme Court of Western Australia ("court") made orders approving the scheme of arrangement pursuant to which Creso Pharma will acquire 100% of the shares in Health House ("Scheme").

A copy of the Court's orders with the Australian Securities and Investments Commission ("ASIC"), pursuant to section 411(10) of the Corporations Act has been lodged (refer HHI ASX announcement 5 May 2023) and the Scheme is now legally effective.

The acquisition provides Creso Pharma with another revenue generating business unit, as well as operations focused on the international distribution of medicinal cannabis and a number of strategic licenses to store, distribute, import, export and sale of controlled drugs.

HHI will also bolster Creso Pharma's growing revenue profile. Health House generated \$5.95m in cash receipts for the three month period ended 31 March 2023, which marked a 10.1% increase on the

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prior period and a 36.4% rise on the prior comparative period. Combined Creso Pharma Group revenue and HHI cash receipts as a proxy for revenue takes unaudited pro forma revenue to \$8.26m or over \$33m on a last quarter annualised basis (refer ASX announcement: 28 April 2023).

Payment of Scheme consideration and indicative timetable:

On the Implementation Date (16 May 2023), Health House Shareholders (“Scheme Shareholders”) will be issued One Creso Consideration Share and 0.25 Creso Consideration Options for every 2.90 HHI Shares held by them (“Scheme Consideration”). The expected key dates for the Scheme are as follows:

Event:	Week ending:
Effective date on which the Scheme comes into effect and is binding	5 May 2023
Court order lodged with ASIC and HHI announcement to ASX	
Last day of trading in HHI securities on the ASX and HHI securities suspended from close of trading	
Record date for determining entitlements to Scheme Consideration	5:00pm (AWST) on 9 May 2023
Implementation date	16 May 2023
Payment of Scheme Consideration to be made to Scheme Shareholders	

Recent operational progress to broaden licence suite:

In recent months, Creso Pharma and Health House management have been monitoring regulatory changes and exploring a number of opportunities to drive growth in key markets. This includes the Company’s ongoing commitment to advancing a commercial pathway in the Australian market, following the Therapeutic Goods Administration (TGA) indication that medicines containing psilocybin and MDMA for prescription by specifically authorised psychiatrists for the treatment of certain medical conditions would be permissible from 1 July 2023.

As part of this initiative, Health House has formally lodged applications for state licence amendments to import and distribute medicines containing psilocybin and MDMA for either clinical trial purposes or certain mental health conditions under authorised psychiatrists. The Company will continue to examine the potential to import the finished product from wholly-owned psychedelics subsidiary Halucenex Life Sciences Inc. (“Halucenex”) ongoing phase II clinical trial which is testing the efficacy of synthetic psilocybin on symptoms associated with Post Traumatic Stress Disorder (PTSD).

The Company will continue to provide updates on the status of the licence update and import process as developments materialise.

Management commentary:

CEO and Managing Director, Mr William Lay said: *“We are very pleased to have taken another major step forward in our acquisition of Health House. The group has an enviable set of licences which we can use to our immediate benefit, and adds another growing revenue channel to the group.*

“The application for an import licence for psychedelics marks another exciting opportunity for Creso Pharma and we look forward to advancing this initiative to create a first mover advantage in the Australian market.”

-Ends-



Authority and Contact Details

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

For further information, please contact:

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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.

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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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