



21 July 2022

## **Creso Pharma's wholly-owned Canadian subsidiary, Mernova Medicinal Inc. delivers new sales in Ontario through optimised supply chain**

### **Highlights:**

- **Initial sales in Ontario Cannabis Store's ('OCS') flow through program generated two purchase orders totalling C\$88,038 (A\$99,557<sup>i</sup>) for the Company's first two weeks in the program**
- **OCS' flow through program allows cannabis retailers increased ability to stock Mernova's products – increasing potential for Mernova's distribution and province reach**
- **Mernova allocated 150 cases of Black Mamba to the retail portal in each of its first two weeks in the program and received an average demand of ~100 cases per week, exceeding initial expectations and equating to ~A\$50,000 of sales per week**
- **Mernova to provide 150 additional Black Mamba cases for sale on a weekly basis to underpin additional sales growth**
- **Mernova's Mac 1 strain to be introduced in coming weeks through the OCS flow through program – provides the Company with an additional opportunity to potentially increase revenue in Ontario**
- **Retail flow through program has the potential to increase volume of purchase orders ("PO") driven by real demand from individual retail outlets. Ontario is Canada's largest market for recreational cannabis use<sup>ii</sup> and has nearly 1,500 licensed retailers<sup>iii</sup> highlighting a major opportunity for Mernova**

**Creso Pharma Limited (ASX:CPH, OTC:COPHF, FRA:1X8) ('Creso Pharma')** is pleased to advise that wholly-owned Canadian subsidiary Mernova Medicinal Inc. ("Mernova" or "the Company") has continued to make pleasing progress through the Ontario Cannabis Store's ("OCS") retail flow through program (refer ASX announcement: 28 June 2022) following higher than anticipated sales of its Black Mamba strain during Mernova's first weeks of participation in the program.

The OCS' flow through program is a recently introduced framework that allows retail outlets in Ontario to submit sales orders to the province, which then amalgamates these allocations and submits a purchase order ('PO') on behalf of all retailers. Ontario is Canada's largest market for recreational cannabis use<sup>iv</sup> and has nearly 1,500 licensed retailers<sup>v</sup> highlighting a major opportunity for Mernova.

Following approval of Mernova's submissions by the OCS, the Company tendered 150 cartons of its Black Mamba strain to retailers in a 3.5g dried flower format in its initial week of participating in the OCS retail flow through program. During its first two weeks in the program, the Company successfully sold 201 cases which has generated two purchase orders, totalling C\$88,038 (A\$99,557<sup>vi</sup>).

Mernova intends to continue to submit similar volumes of its Black Mamba strain to retailers through the platform on a weekly basis.

Ongoing Black Mamba sales will also be complemented by the introduction of Mernova's Mac-1 strain. Mac-1 will be launched through the platform in the coming weeks and has the potential to drive further revenue growth, as well as allow Mernova to increase its market share in Ontario.

**Management commentary:**

**CEO and Managing Director, Mr William Lay said:** *“Our participation in the OCS flow through program has provided the Company with an additional revenue stream in a fast growing province. To have sold an average of 100 cases per week of Black Mamba and generate considerable sales volumes within the first two weeks of utilising the platform highlights the ongoing demand for Mernova’s leading product in Canada’s largest market for recreational cannabis use.*

*“We anticipate that demand will continue as we introduce our Mac-1 strain. This will provide consumers with further optionality and increase brand awareness, which the Company can leverage further as new products are introduced.”*

**-Ends-**

**Authority and Contact Details**

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

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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> Based on a CAD to AUD exchange rate of \$1.13

<sup>ii</sup> <https://mjbizdaily.com/canadas-biggest-cannabis-market-ontario-reaches-1000-legal-stores/>

<sup>iii</sup> <https://mjbizdaily.com/ontario-cannabis-store-count-approaches-1900-amid-retail-glut-worries/>

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