



24 January 2023

## **Creso Pharma's wholly owned Canadian subsidiary, Mernova Medicinal Inc. expands into another Canadian province and secures largest ever purchase order**

### **Highlights:**

- **Mernova Medicinal Inc. ('Mernova') expands into Manitoba – marks the sixth Canadian province Mernova has entered into since inception**
- **Expansion highlights the ongoing demand for Mernova's high-quality recreational cannabis products and increased demand from provincial partners**
- **Mernova now has a presence in 60% of Canada's provinces with additional market entries pending**
- **39 stockkeeping units (SKU) registered with the Manitoba Liquor & Lotteries Corporation (MBLL) – a crown corporation focused on non-medical cannabis distribution and sales**
- **Manitoba has ~170 retail cannabis stores across the province – highlighting another large addressable market opportunity**
- **Potential purchase orders from Manitoba retailers to underpin revenue growth as Mernova pushes towards profitability in 2023**
- **Largest ever purchase order ('PO') secured from any province to date from the Nova Scotia Liquor Corporation valued at A\$350,244.65 (C\$326,793<sup>i</sup>)**
- **This PO takes Mernova's confirmed POs for Q1 2023 to A\$748,432 (C\$699,470<sup>ii</sup>), making January 2023 the most productive month in Mernova's operating history**
- **PO is for recently listed stockkeeping units in the province, which doubled Mernova's product count in Nova Scotia**
- **Products to be delivered in February with sales to commence in March**
- **PO highlights increased demand for Mernova's high-quality cannabis products and ability to grow market share in competitive province**

**Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company')** is pleased to advise that wholly-owned Canadian subsidiary, Mernova Medicinal Inc. ("Mernova") has increased its footprint in Canada following expansion into Manitoba. This highlights the sixth Canadian province that Mernova has entered and the growing demand for the Company's high-quality recreational cannabis products. The Company has also secured its largest ever purchase order to date, valued at A\$350,244.65 (C\$326,793<sup>iii</sup>) from the Nova Scotia Liquor Corporation ('NSLC').

### **Expansion into Manitoba:**

Entry into the province follows consultation and registration processes with the Manitoba Liquor & Lotteries Corporation (MBLL), which is a Crown corporation in the province. Since November 2017, the province has mandated MBLL to oversee and track the supply and distribution of non-medical cannabis.



MBLL manages the wholesale purchase and distribution of recreational cannabis for sale to retailers in the province, as well as coordinates with licensed producers to provide a direct to retail store product delivery model.

Following the consultation and review by MBLL, Mernova has listed a total of 39 stockkeeping units (SKU) from its *Ritual Green*, *Ritual Sticks*, and *Ritual Gold* product ranges. Items for sale now include the Company's dried flower products, electronic vaporisers and pre-rolled joint ranges.

The expansion provides Creso Pharma with another large addressable market opportunity, allowing the Company to potentially service a wide range of customers across 170 cannabis retail stores<sup>iv</sup> in the province. Additional sales from the province will also assist Mernova as it continues towards profitability in FY2023.

#### **Largest purchase order ever secured:**

Mernova achieved another milestone following the receipt of its largest purchase order ('PO') to date from the NSLC. The PO is valued at A\$350,244.65 (C\$326,793<sup>v</sup>) and consists of a number of SKUs recently listed in Nova Scotia (refer ASX announcement: 11 January 2023). The Company will deliver the PO during February 2023 with the recently listed products expected to be made available to consumers by March 2023. This PO takes Mernova's confirmed POs for Q1 2023 to A\$738,100 (C\$689,813<sup>vi</sup>), indicating the most productive month in Mernova's operating history.

The value of the purchase order highlights the ongoing demand Creso Pharma is witnessing for its high-quality recreational cannabis products and will underpin revenue growth during FY2023.

#### **Management commentary:**

**CEO and Managing Director, Mr William Lay said:** *"The expansion into Manitoba is a major milestone for Mernova. It broadens the group's exposure for recreational cannabis sales to 60% of Canada's provinces and will unlock another revenue generating opportunity."*

*"Having 39 SKUs listed with MBLL will allow cannabis retailers in Manitoba the ability to gain an understanding and feel for Mernova's high-quality cannabis products, which we are confident will be well received by consumers. We look forward to providing additional updates on first purchase orders from the province during the quarter."*

*"Further, to have secured the largest purchase order since the Company's inception from the NSLC shows Mernova's ability to establish itself in a competitive market and grow its footprint. Demand for our products continues to increase across Canada and we anticipate sales will continue to grow in 2023."*

**-Ends-**

#### **Authority and Contact Details**

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

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#### **Investor Enquiries**

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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.

<sup>i</sup> Based on a CAD to AUD exchange rate of \$1.07

<sup>ii</sup> Based on a CAD to AUD exchange rate of \$1.07

<sup>iii</sup> Based on a CAD to AUD exchange rate of \$1.07

<sup>iv</sup> <https://winnipeg.ctvnews.ca/manitoba-s-cannabis-industry-settling-but-more-opportunities-in-store-expert-says-1.6219781>

<sup>v</sup> Based on a CAD to AUD exchange rate of \$1.07

<sup>vi</sup> Based on a CAD to AUD exchange rate of \$1.07