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Creso's Mernova cash flow positive for the first time and delivers record revenues in Q1 2023

Highlights:

- **Division generated record unaudited revenue of A\$1,547,252 in Q1 2023, a 46% increase on last quarter (Q4 FY2022: A\$1,061,275) and became Creso's first business unit to reach cash flow positive in the Company's history**
- **Increased revenue reflects strong Canadian brand awareness, improved distribution with more product listings in key provinces and large purchase orders secured in Q1 2023**
- **Maiden division cash flow validates the Company's strategy to drive revenue growth with a simultaneous focus on cost management to reach breakeven**
- **Mernova's recent financial and operational momentum provides a solid foundation for overall group performance across 2023 and beyond**

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to advise that its 100%-owned Canadian cannabis cultivation and sales division, Mernova Medicinal Inc. ('Mernova') has achieved record revenue and its first cash flow positive quarter during Q1 FY2023.

This is a major milestone for Creso Pharma and highlights the first ever cash flow positive operating division in the Company's history.

During Q1 FY2023, Mernova also delivered unaudited revenue of A\$1,547,252, which highlighted a 46% increase on the previous quarter (Q4 FY2022: A\$1,061,275).

The material increase in revenue was driven by ongoing expansion across Canada, new product listings in Nova Scotia and a number of large purchase orders (PO) secured during the period. The Q1 sales result included Mernova's largest PO since inception, which was valued at over ~A\$350,000 (*refer ASX announcement: 24 January 2023*). Management have also continued to focus on the implementation of cost reduction initiatives, which will continue over the coming quarters.

Achieving maiden cash flow through Mernova provides considerable validation of Creso Pharma's strategy to grow revenue with a strategic focus on cost management at the business group level to achieve cash flow breakeven. The Company is confident that it will continue this trajectory across other business units in the coming quarters.

Management commentary:

CEO and Managing Director, Mr William Lay said: *"Mernova has continued to gain strong brand awareness across Canada in recent months, which has led to a considerable increase in sales. Coupled with ongoing initiatives to reduce the group's cost base, we are very pleased to have achieved a cash flow positive position for the division during Q1 2023."*

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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

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Forward Looking statements

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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.