



1 May 2023

Wholly-owned subsidiary, Mernova Medicinal Inc. approved for eighth Canadian province and secures A\$553,957 in new purchase orders in April

Highlights:

- **Approval to enter Alberta highlights another new market entry and follows considerable due diligence alongside the Alberta Gaming, Liquor and Cannabis Commission**
- **Alberta had a total of 755 cannabis retailersⁱ which generate C\$73.8m in monthly salesⁱⁱ - highlighting considerable sales growth potential for Mernova**
- **Onboarding process almost complete with sales expected to commence this quarter; Alberta would be the second largest market ever entered by Mernova, after the Ontario Cannabis Store**
- **Division sales growth continued in April with an additional A\$553,957 (C\$496,675^v) in new purchase orders**
- **New purchase orders follow strong Q1 FY2023 revenue of A\$1,547,252 and the group's maiden cash flow positive result**

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to advise that its wholly-owned Canadian subsidiary, Mernova Medicinal Inc. has received approval to expand into the Canadian province of Alberta, as well as securing a total of A\$553,957 in new purchase orders ('PO') during the month of April.

Expansion into Alberta:

Mernova has continued its in-country expansion, following registration approval to become a Cannabis Representative in the province, awarded by the Alberta Gaming, Liquor and Cannabis Commission (AGLC). The AGLC is an agency of the government of Alberta that regulates alcoholic beverages, recreational cannabis and gaming-related activities.

The new market entry highlights the eighth province that Mernova has expanded into since inception and another potentially lucrative sales channel. During 2022, Alberta had a total of 755 cannabis retailersⁱⁱⁱ which generate C\$73.8m in monthly sales^{iv}.

Mernova is currently finalising the onboarding process with the AGLC and liaising with various category managers to commence the product listing process. Further, the Company intends to take part in an upcoming product call being undertaken by the AGLC during the current quarter to drive sales growth across the business division.

New purchase orders secured in April:

Highlighting Mernova's continued traction in the Canadian market, the group has secured a further A\$553,957 (C\$496,675^v) in purchase orders. The new POs are from a range of provinces, including recently entered market Newfoundland (refer ASX announcement: 9 February 2023) and include the Company's dried flower, pre-roll joint and electronic vaporiser products. None of the POs received are individually material, but they are collectively meaningful.



The new POs follow the Company's record revenue growth in Q1 FY2023 (refer ASX announcement: 19 April 2023) of 46% on the last quarter to A\$1,547,252 and the group's maiden cash flow positive result.

The Company is confident that following the strong start to Q2 FY2023 and recent expansion into Alberta, Mernova will continue to achieve sales growth. Additional updates on new purchase orders and product listing updates with province partners will be made as developments materialise.

Management commentary:

CEO and Managing Director, Mr William Lay said: *"Mernova continues to make very pleasing progress across Canada and the approval to enter Alberta highlights the ongoing product demand the Company is witnessing from provincial partners.*

"The group will shortly be active in eight of Canada's ten provinces and we look forward to continuing to build strong brand awareness with key retailers and consumers to drive sales. We are confident that further sales will materialise during the quarter, which will lay a strong foundation for Group revenue growth."

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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

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.

ⁱ <https://calgaryherald.com/news/local-news/calgary-cannabis-stores-licence-cancellations>

ⁱⁱ <https://mjbizdaily.com/canadian-adult-use-cannabis-sales-jump-nearly-18-in-2022-hitting-ca4-5-billion/>

ⁱⁱⁱ <https://calgaryherald.com/news/local-news/calgary-cannabis-stores-licence-cancellations>

^{iv} <https://mjbizdaily.com/canadian-adult-use-cannabis-sales-jump-nearly-18-in-2022-hitting-ca4-5-billion/>

^v Based on an CAD to AUD exchange rate of \$1.11