



17 February 2021

**Creso's wholly owned Canadian subsidiary Mernova Medicinal Inc.
secures four new purchase orders (POs) totalling C\$494,131
(A\$502,199¹)**

Highlights

- **Purchase orders (POs) received for *Ritual Green* products highlight significant demand**
- **C\$343,331 (\$348,726¹) in POs from the Ontario Cannabis Store mark Mernova's entry into Canada's largest recreational cannabis market**
- **Additional POs from Cannabis NB in New Brunswick and Nova Scotia Liquor Corporation highlight a shift towards recurring revenue model**
- **Launch of new Black Mamba strain and pre-roll joint range expected to grow revenues**
- **Additional POs for *Ritual Green* products to materialise in the coming months**
- **Mernova is on track to deliver a record quarter of POs**
- **Continued repeat orders and customer uptake is highlighting Mernova to be a strong revenue generator**
- **The shortened interval between receiving new POs and the growing value of each PO is extremely encouraging – outlook for remainder for financial year is extremely positive.**

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. ("Mernova"), has secured four purchase orders ("PO") for its leading *Ritual Green* product range, with a total value of C\$494,131 (A\$502,199¹).

Mernova has received two separate purchase orders from the Ontario Cannabis Retail Corporation ("OCRC"), which operates as the Ontario Cannabis Store ("OCS"), valued at C\$228,323 (\$A231,911¹) and C\$115,008 (A\$116,815¹), for a total value of C\$343,331 (A\$348,726¹).

The OCS is a crown agency solely owned by the Province of Ontario. It reports directly to the Ministry of Finance and is Ontario's only retailer and wholesaler of legal recreational cannabis. The group provides legal cannabis to a large customer base through Health Canada approved suppliers. Ontario is currently Canada's largest recreational cannabis market and represents a major opportunity for the Company.

Mernova was formally recognised as a supplier to the OCS during December 2020 (refer ASX announcement: 16 December 2020). The initial POs are for the Company's *Ritual Green* products, which will be sold through established stores and the OCS online sales platform.

The Company expects to deliver the first purchase order in the coming weeks, with the second PO to be completed shortly thereafter. Creso anticipates ongoing orders from the OCS over the coming

¹ Based on the CADAUD exchange rate of ~\$1.02.



months, and expects them to increase in size and volume as *Ritual Green's* market share continues to grow across Ontario.

Mernova has also secured a repeat purchase order from Cannabis NB, New Brunswick's only legal cannabis retailer, valued at C\$81,800 (A\$83,402¹) for an assortment of its *Ritual Green* cannabis strains. Cannabis NB is the government-owned retail cannabis monopoly in the Province of New Brunswick. The group has an established footprint, boasting 20 retail outlets across the province, as well as an online sales platform.

This is the second PO the Company has received from Cannabis NB (refer ASX announcement: 3 February 2021), highlighting the considerable demand Mernova is witnessing for its products.

The Company has also secured a C\$69,000 (A\$70,352¹) order from the Nova Scotia Liquor Corporation ("NSLC") for its Lemon Haze strain, which will be delivered by the end of the month. This marks the ninth PO for Mernova's products in Nova Scotia, highlighting the Company's recurring revenue model.

Mernova expects additional purchase orders across all provinces to continue to materialise in the near term, adding to its growing revenue profile. The Company expects additional POs to include its recently launched Black Mamba strain. Black Mamba is an Indica dominant strain, testing at over 20%+ THC content. It has been developed from the well known and sought after cannabis stains Grand Daddy Purple and Black Domina.

The Company also has a number of growth initiatives pending, including the launch of its pre-roll joint range, and entry into the emerging hash market. Mernova is also exploring a number of potential licencing agreements that may significantly scale up operations.

Management Commentary

Mernova Managing Director, Jack Yu said: *"We are very pleased with the strong demand that we are witnessing for our Ritual Green Brand across Canada and the opportunities that are beginning to materialise. Importantly, these purchase orders mark the Company's entry into Ontario, which is Canada's largest recreational cannabis market."*

"We anticipate that purchase orders will continue to grow in frequency, size and volume, especially with the launch of our latest premium, artisanal, craft strain, Black Mamba. To support the launch and increase brand awareness, Mernova has initiated a number of branding and sales campaigns, including on social media, in coordination with high profile Canadian influencers."

"We will utilise these marketing tools to promote the launch of other products in the pipeline, including our pre-roll joint range, which will significantly increase the number of options available in our product line, and grow our customer base and market share. Mernova has a number of growth initiatives planned in the coming months, and we look forward to providing regular updates to shareholders."

-Ends-

Authority and Contact Details

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

Released through:

Ben Jarvis, Six Degrees Investor Relations: Ph: +61 (0) 413 150 448



For further information, please contact:

Investor Enquiries

EverBlu Capital

E: info@everblucapital.com

P: +61 2 8249 0000

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

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.