



4 October 2022

## **Creso Pharma's wholly-owned Canadian subsidiary, Mernova Medicinal Inc. expands into Canadian medicinal cannabis market and secures Research License from Health Canada**

### **Highlights:**

- **JMF Growers Inc. ("JMF Growers") appointed as Mernova's maiden distributor of medicinal cannabis products in Canada**
- **The group is focused on the production, distribution, and online sale of medicinal cannabis products to patients across the country and has built a strong industry presence**
- **JMF Growers' Health Canada license was established in 2021 and provides a range of medicinal cannabis products from Canada's approved producers to patients**
- **Mernova will initially stock some of its Ritual Green strains with JMF Growers, which will be sold to patients on consignment**
- **Opportunities to broaden stock with the group are actively being explored**
- **The Canadian medicinal cannabis industry provides another potential large market and revenue channel for Creso Pharma – with a value of US\$444m in 2021<sup>i</sup>**
- **Research License secured from Health Canada under the Cannabis Act and Cannabis Regulations**
- **Research license to be used in the research assessments of taste, sight, smell and touch of cannabis**
- **Research license provides Mernova with the ability to conduct product testing prior to retail sale and gain broader insight into various elements ahead of future grow cycles**

**Creso Pharma Limited (ASX:CPH, OTC:COPHF, FRA:1X8) ('Creso Pharma' or 'the Company')** is pleased to advise that wholly-owned Canadian subsidiary Mernova Medicinal Inc. ("Mernova" or "the Company") has progressed a number of initiatives to enter Canada's medicinal cannabis market.

To capitalise on the potential opportunity, Mernova has secured a distribution agreement with pharmaceutical company and cannabis distribution company JMF Growers Inc. ("JMF Growers") and been granted a research license from Health Canada.

### **Appointment of JMF Growers to increase medicinal cannabis market presence:**

JMF Growers is based in Drummondville, Quebec and is focused on the production, distribution and online sale of medicinal cannabis products to patients across Canada. The core values of the company are based on family and heritage to honour. Family is the group's benchmark, as it represents the most memorable and meaningful trials, as well as care and respect for one another.

JMF Growers' Health Canada license was established in 2021 and has built a strong industry presence while advancing an online platform that sells and distributes medicinal cannabis products to patients, registered through a separate platform, from a number of authorised producers in Canada. Patients are encouraged to register for medicinal cannabis use through the group's associated platform



[www.kuzen.ca](http://www.kuzen.ca), which stems from the extension of JMF Grower's family concept and means cousin. The platform highlights the group's partners, as well as clients whom they seek to take the greatest care of.

JMF Growers will become Mernova's maiden medicinal cannabis distributor. The Company will provide JMF Growers with a range of its *Ritual Green* strains, including Black Mamba, Lemon Haze, Mac 1 and Monkey Berries in 3.5g dried flower formats, which will be sold on consignment through the group's established online channels. The group has also expressed interest in stocking Mernova's Lemon Haze vaporiser and pre-rolled joint products.

The Canadian medicinal cannabis industry represents another large opportunity for Creso Pharma and the agreement with JMF Growers is anticipated to provide the Company with access into a total market valued at US\$444m in 2021<sup>i</sup>.

Under the terms of the agreement, JMF Growers has provided Creso Pharma with the freedom to do business with another distributor throughout its relationship with the group. Either party can also cancel the agreement by written notice 30 days prior to an anticipated termination date.

#### **Research License granted by Health Canada:**

Mernova has also received a cannabis Research License issued by Health Canada under the Canadian Cannabis Act and Cannabis Regulations. The license will be used with respect to research involving the administration or distribution of cannabis (after QA product release) to human research subjects for assessments of taste, sight, smell and touch of cannabis.

Receipt of the license followed an extensive application process and thorough review, which took into account Mernova's facilities, current practises and protocols, personnel as well as the Company's proposed uses.

Mernova will utilise the Research License to test products created at its facility, prior to retail sales. Any product that is not deemed reasonable for sale by Mernova's product quality team will be put aside for THC and CBD extraction, or a wholesale opportunity.

The Company is confident that the Research License will provide additional insight into the appearance, touch, aroma and flavour of Mernova's range prior to future growing cycles and ongoing product development.

#### **Management commentary:**

**CEO and Managing Director, Mr William Lay said:** *"Mernova's management team are continually looking for ways to expand, grow sales and unlock additional value as a business division. To have secured an agreement with a burgeoning medicinal cannabis distribution company and a Research License from Health Canada highlights the division's innovative approach and are expected to provide a strong base for additional growth opportunities."*

*"We look forward to progressing first product shipments to JMF, which will commence our entry into Canada's medicinal cannabis market. Products will then be packaged in line with current regulations and sold on consignment through the group's growing online platform. Most importantly, this unlocks another sales channel and an opportunity to push the division closer to a cashflow breakeven point."*

*"The recently acquired Research License from Health Canada will also provide considerable insight into our range of strains, ways to improve them to drive retail sales and the ongoing product development initiatives."*



**-Ends-**

### **Authority and Contact Details**

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

For further information, please contact:

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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 lifestyle 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>1</sup> <https://www.statista.com/statistics/587568/estimated-medical-marijuana-market-size-canada/#:~:text=The%20total%20medical%20cannabis%20market,medical%20marijuana%20under%20certain%20conditions>.