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Creso Pharma's wholly-owned Canadian subsidiary Mernova secures new purchase orders for *Ritual Sticks* and launches new products

Highlights

- **New purchase orders (PO) received valued at C\$145,192 (A\$150,770¹)**
- **POs include second order from Ontario Cannabis Store and third from Yukon Liquor Corporation – highlights ongoing shift towards recurring revenue model**
- **Ontario is one of Canada's largest recreational markets**
- **New PO from the Yukon marks the second order for pre-roll joint range *Ritual Sticks***
- **Pre-roll joint market provides multiple growth opportunities for Mernova and access to a large potential customer base**
- **Yukon PO also includes first order for new *Ritual Green* one ounce bag offering**
- **New ounce bag product segment allows consumers to secure more high-quality product at competitive prices – also streamlines the Company's inventory and supply chain**

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 new purchase orders valued at C\$145,192(A\$150,770¹) from the Ontario Cannabis Store ("OCS") and Yukon Liquor Corporation ("Yukon").

These orders include a repeat order from the OCS (refer ASX announcement: 17 February 2021) and the second order Mernova has received for its pre-roll joint range in a very short period (refer ASX announcement: 19 March 2021). The new orders also include a maiden PO for Mernova's new one ounce bag offering.

The order from OCS is valued at C\$102,084 (A\$105,937¹) and is for Mernova's leading *Ritual Green* product range. The OCS is the crown agency solely owned by the Province of Ontario. It reports directly to the Ministry of Finance and is the province's only retailer and wholesaler of legal recreational cannabis.

The OCS provides legal cannabis products to a large number of customers through Health Canada approved suppliers. Ontario is one of Canada's largest recreational cannabis markets and represents a major opportunity for the Company.

Mernova also secured a PO from the Yukon, valued at C\$43,108 (A\$44,833¹) for the Company's pre-roll joint range and new one ounce bag offering. This order marks the first time that Mernova's Mimosa and HPG13 strains are being sold in pre-roll joint form.

Mernova sells its pre-roll joint range under the *Ritual Sticks* brand. The pre-roll products utilise the Company's top-quality indoor grown, hand trimmed, hang dried, cured, artisanal, craft cannabis sold under the *Ritual Green* segment.



The *Ritual Sticks* range provides products for people that do not know how to roll their own joints, or simply prefer the convenience of having their joints pre-rolled for them. The pre-roll cannabis segment is a large addressable market for Mernova.

Ritual Sticks also serve as an entry level product that allows consumers to try Mernova's high-quality strains at an affordable and attractive price point. The Company expects that once people try its products, a significant number will become repeat customers.

Mernova's new one ounce bag offering has been introduced so that consumers can secure a larger supply of its leading cannabis strains, at a volume discount. The initial order is for Mernova's Mimosa strain, with other strains to potentially follow. The new product segment further builds out the Company's offerings and will assist in streamlining Mernova's inventory and distribution.

Mernova continues to witness strong uptake of its products across Canada and shorter intervals between purchase orders. This is very encouraging and highlights the Company's strong brand recognition in a highly competitive market in Canada. Additional orders are expected in the near term, which underpin a positive outlook for the remainder of the financial year.

Mernova's Managing Director, Jack Yu said: *"To have secured these new purchase orders is a major achievement for Mernova. Particularly, the repeat order from OCS is very pleasing and our second order for Ritual Sticks in another new province highlights the significant potential the product has amongst consumers. The pre-roll market segment is booming and offers Mernova a huge opportunity that we plan to capitalise on to the fullest. We are very confident that we can leverage our growing reputation as a high-quality, artisanal, craft cannabis producer, to make headway into this market, and establish ourselves as producers of some of the best pre-roll joints in the country with our Ritual Sticks, as we're currently doing with our Ritual Green brand, in the dried flower market."*

"We are also very happy to have launched our new one-ounce bag offering, which will allow consumers to purchase more of their favourite cannabis at competitive prices, by offering a volume discount. The larger ounce offering will also allow the Company to streamline its inventory practices, ensuring we retain the highest standard and quality of cannabis in our range of high-quality offerings."

"As the time between purchase orders continues to decrease, Mernova continues on a track towards a stable and recurring revenue model. We anticipate that this trend will continue, and we remain very optimistic about our growth prospects over the coming months."

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Authority and Contact Details

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

For further information, please contact:

Investor Enquiries

EverBlu Capital

E: info@everblucapital.com

P: +61 2 8249 0000

Released through:

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



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.

ⁱ Based on a CAD to AUD exchange rate of \$1.04