



7 December 2021

Creso Pharma's wholly-owned Canadian subsidiary, Mernova Medicinal Inc. on track to achieve quarter-on-quarter revenue growth

Highlights:

- **A\$666,042 (C\$612,734ⁱ) in revenue generated by Mernova during current quarter – adds to total of A\$3,159,141 (C\$2,979,797ⁱⁱ) to the year to date divisional revenue**
- **Creso Pharma group revenue for the current quarter is A\$1,482,477 so far – highlighting a ~28% increase on previous quarter**
- **Growth expected to continue during December – additional purchase orders expected to materialise from North American and Swiss operations**
- **Mernova revenue underpinned by orders from key provincial partners and ongoing sales in New Brunswick, Nova Scotia, the Yukon and Ontario, as well as a wholesaler**
- **High THC content products stemming from advanced growing initiatives driving customer demand**
- **Creso Pharma's other business divisions in North America and Switzerland continue to make strong progress – ongoing growth and expansion initiatives underway**

Creso Pharma Limited (ASX:CPH, OTC:COPHF, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to provide the following update on revenue growth through wholly-owned, Canadian subsidiary Mernova Medicinal Inc. ("Mernova"). During the current quarter, Mernova has generated A\$666,042 (C\$612,734ⁱ) in revenue, leaving the division well placed to continue quarter-on-quarter growth. Q4 CY2021 sales also add to the business division's year to date revenue, which is A\$3,159,141 (C\$2,979,797ⁱ).

The recent revenue from Mernova, alongside growth from the Company's Swiss operations (refer ASX announcement: 11 November 2021), highlights that Creso Pharma has generated A\$1,482,477 during Q4 2021. This represents a ~28% increase on the previous quarter (A\$1,160,723).

Mernova's revenue has been underpinned by orders for the Company's top-quality, indoor grown, hand trimmed, hang dried, cured, artisanal craft cannabis products, sold through both its *Ritual Green* and *Ritual Sticks* product lines.

The Company has secured a number of purchase orders from key provincial partners in Nova Scotia, the Yukon, New Brunswick and Ontario. None of the purchase orders individually are material to the Company. Additional revenue has also been generated through the sale of products to a wholesale group during the current quarter.

The growth in revenue follows the implementation of advanced growing and harvesting processes, which has led to an increase in product THC content. The higher THC content product has underpinned pleasing customer demand across key operating markets for Mernova.

Management is confident that purchase orders will continue to materialise before the end of the quarter, allowing Mernova to achieve growth on previous quarter (Q3 CY2021 revenue: A\$797,963).



The Company has built a robust sales pipeline and coupled with ongoing product development initiatives, Mernova remains well placed to continue its upward trajectory.

More broadly, Creso Pharma continues to achieve pleasing progress across its other key operating divisions in North America and Switzerland. Each of the Company's operating businesses remains focused on progressing a number of initiatives, including international expansion, sales increases, and product development, which is expected to unlock a number of growth opportunities for Creso Pharma.

Commentary:

Mernova Managing Director Mr Jack Yu said: *"Mernova has achieved strong sales during October and November, and we anticipate that this will continue during the remainder of the quarter. We have a number of potential purchase orders from provincial partners in the pipeline and expect these to materialise and underpin further revenue increases.*

"Operationally, we remain focused on refining our growing techniques to ensure that our cannabis products continue to improve and THC content increases. This is incredibly important and will provide Mernova with a competitive advantage. We look forward to providing additional updates on purchase orders as they materialise."

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Authority and Contact Details

This announcement has been authorised for release by the Board of Directors 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 Based on a CAD to AUD exchange rate of \$1.087

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