



22 May 2023

## **Wholly-owned subsidiary, Mernova Medicinal Inc. continues strong progress in Q2 securing C\$593,926 in new purchase orders during May**

### **Highlights:**

- **C\$593,926 (A\$662,131<sup>i</sup>) of new purchase orders ("PO") secured in May from provincial partners and wholesalers**
- **Takes total Q2 FY2023 sales to C\$1,090,172 (A\$1,215,365<sup>i</sup>) following A\$553,957 in POs generated in April 2023 and division's maiden cashflow positive position in Q1 FY2023**
- **Ongoing sales highlight Mernova's leading brand position in Canada, underpinned by a growing product suite and enviable province footprint**
- **Health Canada License LIC-NQS67FH60D extended for a further five years in accordance with the Cannabis Act and Cannabis Regulations – following stringent review by Health Canada inspectors**
- **Canada Revenue Agency also extends the Cannabis license under the Excise Act, 2001 for additional five years allowing to maintain security in a form satisfactory to the CRA and in an amount determined by the Regulations Respecting Excise Licenses and Registrations**
- **Mernova continues to explore the potential to become a Good Manufacturing Practice (GMP) licensed facility and the ability to export products to GMP regulated countries**

**Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company')** is pleased to provide the following update on progress through wholly-owned Canadian subsidiary, Mernova Medicinal Inc. ('Mernova'), which has continued to achieve strong growth in purchase orders in May, as well as an extension of licenses with Health Canada and Canada Revenue Agency.

### **Strong sales momentum continues in Q2 FY2023:**

The Company reports that Mernova has generated C\$593,926 (A\$662,131<sup>i</sup>) in new purchase orders in May 2023. New POs are from a range of province partners and wholesalers across Canada and for the Company's dried flower, pre-roll joint and electronic vaporiser products.

May 2023 sales take total unaudited Q2 FY2023 sales to C\$1,090,172 (A\$1,215,365<sup>i</sup>) and follows the A\$553,957 in POs generated in April 2023 (refer ASX announcement: 1 May 2023) and the division's maiden cashflow positive position in Q1 FY2023 (refer ASX announcement: 19 April 2023).

Management is continuing to stringently manage costs associated with Mernova, while focusing on revenue growth. The Company looks forward to providing further sales updates, with these latest POs highlighting Mernova's growing footprint across Canada and ongoing consumer demand.

### **Licensing and regulatory updates:**

The Company has also continued to advance a number of initiatives to ensure that it continues to operate in line with stringent Health Canada guidelines. Mernova advises that Health Canada has extended license LIC-NQS67FH60D in accordance with the Cannabis Act and Cannabis Regulations



for an additional five years, through to February 2028. The license extension follows a thorough Good Production Practices (GPP) inspection by the regulators which deemed Mernova's facility as fully compliant with the Cannabis Act and Regulations.

Further, the Canada Revenue Agency has also extended Mernova's cannabis license for an additional five years, through to February 2028. This allows Mernova to maintain security in a form satisfactory to the CRA and in an amount determined by the Regulations Respecting Excise Licenses and Registrations in Canada.

Mernova is continuing to explore the potential to become a Good Manufacturing Practice (GMP) licensed facility and will continue to provide updates as developments materialise.

**Management commentary:**

**CEO and Managing Director, Mr William Lay said:** *"Mernova continues to deliver strong sales growth via province partners and we have a positive outlook through to the end of Q2 and beyond. We continue to witness pleasing demand for the group's product range which is now sold through eight Canadian provinces.*

*"As well, the group's commitment to acting within regulatory guidelines has been highlighted with the extension of two licenses with Health Canada and Canada Revenue Agency respectively. The Company continues to assess the potential to become a GMP licensed facility and will update shareholders on developments as they materialise."*

**-Ends-**

**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](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>i</sup> Based on a CAD to AUD FX rate of \$1.11