



28 June 2022

## **Creso Pharma's wholly-owned Canadian subsidiary, Mernova Medicinal Inc. secures maiden vaporiser order and streamlines supply chain**

### **Highlights:**

- **Maiden PO for *Ritual Gold* vaporiser product secured in Saskatchewan – marks the launch of the new range**
- ***Ritual Gold* vaporisers utilise dried flower not fit for retail sale and provide Creso Pharma with access to a market expected to grow to US\$15.77Bn by 2028<sup>i</sup>**
- **Company's Black Mamba and Mac 1 strains now participating in the Ontario Cannabis Store's (OCS) retail flow through program**
- **OCS flow through program allows cannabis retailers increased ability to stock Mernova's products – streamlining the Company's distribution and province reach**
- **Retail flow through program has the potential to increase volume of purchase orders ("PO") from individual retail outlets, instead of the governing body**
- **Mernova continues to progress potential distribution partnerships and increased participation in OCS flow through program to drive product uptake**

**Creso Pharma Limited (ASX:CPH, OTC:COPHF, FRA:1X8) ('Creso Pharma' or 'the Company')** is pleased to provide the following update on activities undertaken by wholly-owned Canadian subsidiary Mernova Medicinal Inc. ("Mernova").

### **Maiden purchase order ("PO") for *Ritual Gold* – Mernova's new vaporiser products:**

The Company has secured its first purchase order for its *Ritual Gold* vaporiser products, marking the launch of the new range. The PO is from the Weed Pool Cannabis Cooperative ("Weed Pool") in Saskatchewan and is valued at C\$11,088 (A\$12,283<sup>iii</sup>), for 40 cases of 1g Lemon Haze vaporisers.

Weed Pool is a co-operative of independently-owned Saskatchewan cannabis retailers representing more than half of licenced cannabis sales in the province. It is a cannabis wholesaler, licensed by the Saskatchewan Liquor and Gaming Authority (SLGA) focused on collectively sourcing cannabis products for its members and other retailers in the province.

Mernova's *Ritual Gold* range is the Company's handheld vaporiser product that provides an entry point to the rapidly growing cannabis vaporiser market. The cannabis vaporiser market is expected to grow to US\$15.77Bn by 2028<sup>iii</sup>, which could present a large opportunity for Creso Pharma.

The *Ritual Gold* range utilises Mernova's top-quality, indoor grown, hand trimmed, hang dried, cured, artisanal, high-THC, craft cannabis flower. The new 1g products use cannabis trim and other biomass, which is not optimal for retail sale. This can potentially increase Mernova's revenue from unused inventory, while saving on wastage. Creso Pharma will continue to promote its *Ritual Gold* offering to provincial partners.

**Participation in Ontario Cannabis Store's (OCS) flow through process:**

Mernova has also commenced its participation in the OCS' flow through process, which is expected to provide the Company with an increased presence, and may result in sales growth throughout the province of Ontario. Ontario is the largest market in Canada for recreational cannabis use<sup>iv</sup> and has nearly 1,500 licensed retailers<sup>v</sup>. Participation in the flow through model will begin with the Company's Black Mamba and Mac 1 strains.

The OCS' flow through process is the recently introduced framework now allowing retail outlets in Ontario to submit demand allocations to the province, which then amalgamates these allocations and submits a PO on behalf of all retailers.

Following the approval of the framework, Mernova has successfully submitted certain strains to the OCS, which are now listed in the OCS general catalogue. As such, retail outlets now have direct access to Mernova's products through a specialised distribution portal, ensuring each shop can order to their desired capacity with no minimum order volumes.

**Management commentary:**

**CEO and Managing Director, Mr William Lay said:** *"Mernova has continued to advance a number of initiatives which have the potential to significantly increase its reach, streamline distribution and underpin future sales growth."*

*"We are excited to have secured our maiden PO for the Ritual Gold range and look forward to gaining valuable feedback from customers in Saskatchewan. Ritual Gold is an important launch for Mernova that provides access to a large and growing market, and reduces the amount of dried flower wastage coming from our facility. We are witnessing a strong interest in the product and are looking forward to updating the market on Mernova's progress in due course."*

**-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> <https://www.prnewswire.com/news-releases/handheld-marijuana-vaporizer-market-size-to-reach-15-77-billion-by-2028-owing-to-its-benefits-in-the-treatment-of-neurological-and-mental-disorders--million-insights-301288146.html>

<sup>ii</sup> Based on a CAD to AUD conversation rate of \$1.11

<sup>iii</sup> <https://www.prnewswire.com/news-releases/handheld-marijuana-vaporizer-market-size-to-reach-15-77-billion-by-2028-owing-to-its-benefits-in-the-treatment-of-neurological-and-mental-disorders--million-insights-301288146.html>

<sup>iv</sup> <https://mjbizdaily.com/canadas-biggest-cannabis-market-ontario-reaches-1000-legal-stores/>

<sup>v</sup> <https://mjbizdaily.com/ontario-cannabis-store-count-approaches-1900-amid-retail-glut-worries/>