

Creso Pharma Ltd

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Creso Pharma makes strong progress with global growth and cannabis commercialisation strategy

Creso Pharma Ltd (ASX:CPH) has experienced strong demand for its premium medicinal cannabis products in 2020, with an increase in purchase orders from partners around the world.

The company is confident that it can continue to benefit from the rapid uptake of medicinal cannabis amongst patients.

A prime example is recent data from the Israeli Medical Cannabis Agency (IMCA) which highlighted a significant recent increase in medicinal cannabis uptake from patients in the country.

The IMCA data (part of Israel's Ministry of Health) shows that the number of authorised medicinal cannabis patients in Israel has more than doubled over the past two years to over 70,000 per month.

Israel now the world's biggest importer of medicinal cannabis flower and the rapidly growing Israeli market provides an exciting opportunity for Creso Pharma to leverage existing in-country relationships to accelerate growth.

Israeli expansion plans

The company entered the Israeli market in April 2020, following the receipt of a C\$775,000 purchase order from one of Israel's leading medicinal cannabis company's Univo Pharmaceuticals Ltd (TLV:UNVO) through wholly-owned subsidiary Mernova Medicinal Inc.

Creso has since received a second purchase order from Univo for its premium, cured and hand-trimmed dried medicinal cannabis flower, valued at US\$625,690.

Further expansion into Israel remains a strong focal point and the company will continue to monitor the evolving legislative environment.

Canadian purchase orders

The company is also experiencing significant growth in Canadian markets.

On October 9 Mernova received and delivered a second purchase order valued at C\$138,960 from the Nova Scotia Liquor Corporation (NSLC).

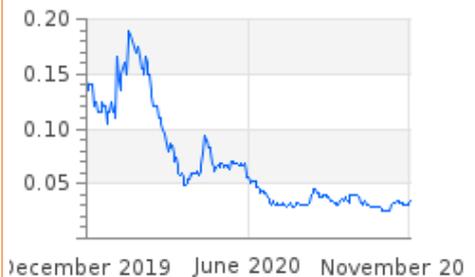
The NSLC is operated by the Nova Scotia provincial government and is the sole distributor of retail recreational cannabis in Nova Scotia.

The new order highlights strong product demand in the Canadian recreational market and follows an initial order from the NSLC valued at C\$180,00 for two of Mernova's premium strains, HPG13 at 20-25% THC and <1% CBD, and Lemon Haze at 20-25% THC and <1% CBD, sold under the Ritual Green brand.

Price: 0.035

Market Cap: \$24.09 m

1 Year Share Price Graph



Share Information

Code: CPH

Listing: ASX

52 week High Low
0.21 0.024

Sector: Cannabis

Website: cresopharma.com

Company Synopsis:

Creso Pharma Limited (ASX:CPH, FRA:1X8 OTCMKTS:COPHF) brings the best of cannabis to better the lives of people and animals.

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Mernova is now focused on ramping up production to meet increasing demand and intends to launch new strains in the near-term.



Ritual Green Mimosa strain at 15-20% THC, <1% CBD.

South African opportunities

Earlier this month the company also secured a second purchase order from Lupin Ltd's (NYSE:LUPIN) subsidiary, Pharma Dynamics South Africa worth around A\$296,000.

The order for its cannaQIX® product is being sold under the Cannamics brand in South Africa and follows its successful launch into the South African market through Pharma Dynamics in March 2020.

A total of A\$630,000 in sales has been generated since September from South Africa alone and the company anticipates additional near-term purchase orders.

Pharma Dynamics will distribute Creso Pharma's hemp-based products across South Africa and is actively progressing

plans to extend the distribution to Namibia, Botswana, Zimbabwe, Swaziland, Lesotho, Angola, Mozambique and Uganda.

Australian TGA decision

In September, the Therapeutic Goods Administration (TGA) announced its interim decision regarding a change to the status of cannabidiol (CBD) products in Australia, which could allow Creso Pharma unprecedented access to the market.

The interim decision recommends that CBD products be down scheduled from schedule 4 and classified as schedule 3 medicines in Australia which would allow Australian consumers to purchase CBD products over-the-counter (OTC) through pharmacies without the requirement of a prescription.

A consultation period will now follow with a final decision to be reached by February 1, 2021.

Unlocking opportunities

This development unlocks a major opportunity for Creso Pharma's CBD and hemp products and the company will look to progress a number of opportunities to capitalise on a market which is estimated to be valued at A\$200 million and set to grow rapidly in the near term.

Currently, the company's cannaQIX® 50 is being sold in Australia as a medicinal cannabis product under the LozaCan brand via distribution partner Burleigh Heads Cannabis (BHC).

Portuguese and Spanish markets

Creso Pharma signed a commercial agreement with DHS Business Portugal in August to introduce Creso's CBD products into Portuguese and Spanish markets.

The companies are working on introducing the products in Spain and Portugal in the first quarter of 2021 and this will expand Creso's presence in Europe.

Among the key products to be launched will be Creso's cannaDOL® CBD topical gels and cannaQIX® oral care Swiss Made.

Creso and DHS Business are targeting sports shops and pharmacies offering more than 2,000 points of sales in Portugal and in excess of 4,000 points of sales in Spain.

Well-funded

On October 7, the company secured firm commitments from institutional, professional and sophisticated investors to raise up to A\$8.992 million in a strongly supported placement.

The company will issue around 309 million fully paid ordinary shares at 2.91 cents per share.

Institutional, professional and sophisticated investors have committed A\$7.992 million and A\$1 million has been committed by Creso Pharma chairman Adam Blumenthal, subject to shareholder approval.

Creso Pharma intends to use the funds to progress business development and accelerate growth across existing product lines.

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