

26 July 2023

Wholly-owned subsidiary Mernova Medicinal Inc. makes strong progress on EU GMP Licence process to fast-track cannabis exports to Australia and Europe

Highlights:

- **Work alongside leading North American regulatory and scientific cannabis consulting agency, CannDelta Inc. (“CannDelta”) contracted to advance European Good Manufacturing Practice (“EU GMP”) which is well progressed**
- **EU GMP describes the minimum standard that a medicines manufacturer must meet in its production processes which is required to export to several major global markets**
- **To date, Mernova has completed and submitted its site analysis plan, highlighting minimal additional infrastructure upgrades will be required during the application process – reducing any major expenditure ahead of scale up**
- **Good Agricultural and Collection Practices (GACP) site quality risk assessment completed and passed – a major milestone in the application process**
- **Good Manufacturing Practices (GMP) site quality risk evaluation completed highlighting requirements for minor upgrades to facility – infrastructure upgrades expected to be completed shortly**
- **Mernova to leverage Health House International’s existing distribution footprint to drive growth into the Australian market**
- **The Australian market offers considerably higher pricing than Canada on a per gram sales basis providing opportunity for increased revenues and higher margins**
- **Mernova remains on track to complete licence application by Q1 CY2024 with potential grant to unlock major sales opportunities in Australia and Europe**

Melodiol Global Health Limited (ASX:ME1, FRA:1X8) (‘Melodiol’ or ‘the Company’) is pleased to advise that wholly-owned subsidiary Mernova Medicinal Inc. (“Mernova”) has made very pleasing progress ahead of its application for a European Good Manufacturing Practice licence for its Canadian manufacturing facility in Nova Scotia, Canada.

The progress follows an initial consulting agreement with leading North American regulatory and scientific cannabis consulting agency, CannDelta Inc. (“CannDelta”), which the Company entered into in June 2023 (refer ASX announcement: 5 June 2023). An EU GMP license would allow Mernova to considerably broaden its international footprint and unlock multiple new large markets, which provide significantly bigger sales opportunities.

EU GMP describes the minimum standard that a medicines manufacturer must meet in its production processes. The approval will allow Mernova to considerably expand its reach and operations with particular focus on Australia.

Since it entered the initial agreement, Mernova has completed its site plan analysis which has highlighted minimal additional infrastructure is required to export cannabis from the Nova Scotia facility. This is a major milestone for the Company and is expected to defray capital expenditure associated with the licence application.

Further, Mernova has also completed its Good Agricultural and Collection Practices (GACP) site quality risk assessment, a key benchmark in the application process. The Company has passed this assessment and data will be utilised in its upcoming submission.

The Company also finalised its Good Manufacturing Process (GMP) site quality risk assessment. This process highlighted a number of quality document revisions and validation work which will need to be implemented. Plans to commence these document revisions and qualifications have been reviewed, and Mernova anticipates completion in the coming few months.

The Board and management are pleased with the considerable work undertaken to date, and with the licensing process well advanced, anticipate EU GMP certification by Q1 CY2024.

Mernova is currently operating at around 60% capacity to meet existing demand in the Canadian markets. The Company is confident that its underutilised grow rooms can be leveraged in a cost-effective manner to provide sufficient scale to meet the anticipated demand of the Australian market.

The Company intends to target the Australian market through Health House International. The market entry provides another lucrative opportunity for Melodiol and has the potential to increase sales volumes and gross margins. Cannabis sales in Australia are generally considerably higher than Canada.

Management commentary:

Chief Executive Officer Mr William Lay said: *“The Company’s progress in its EU GMP licence application has highlighted the exceptional quality standards that Mernova’s facility already operates at. We are very pleased to have achieved such strong progress in a short time period.*

“The strategic decision to pursue an EU GMP license for Mernova will allow Melodiol to significantly scale operations and expand our international footprint outside of Mernova’s national market. This also has the potential to lead to a significant growth in revenue which will underpin group profitability.”

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Authority and Contact Details

This announcement has been authorised for release by the Disclosure Committee of Melodiol Global Health Limited.

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About Melodiol

Melodiol Global Health Limited (ASX:ME1) brings the best of cannabis and other plant-based products to better the lives of people and animals. Melodiol strives for the highest quality in its products. It develops cannabis, hemp-derived and other plant based therapeutic, nutraceutical, and lifestyle products with wide consumer reach.

To learn more please visit: <https://melodiolglobalhealth.com/>

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