

16 January 2024

Mernova Revenue Update and Placement

Melodiol Global Health Limited (ASX:ME1) ('Melodiol' or 'the Company') provides the following update on Mernova revenues and a placement to be undertaken today.

Mernova Revenue Update

Highlights:

- **A\$2.13m in unaudited revenue generated in Q4 FY2023, marks a 15% rise on Q3 and a 101% increase on Q4 FY2022**
- **Q4 FY2023 sales are the highest ever achieved by the division and highlight the group's increased brand recognition and established market footprint**
- **Mernova's total FY2023 revenue is A\$7.11m – 51% higher than FY2022**
- **Division has secured ~A\$444,885 in new purchase orders for Q1 FY2024 – orders anticipated to be delivered this quarter with ongoing revenue growth to be realised throughout FY2024**
- **Mernova's consistent revenue growth has allowed Melodiol to achieve sales of over ~A\$20m in FY2023 - a major milestone and a 129% increase on total FY22 revenue (total unaudited FY22 revenue: A\$8.95m)**

The Company is pleased to advise that wholly-owned operating division Mernova Medicinal Inc. ('Mernova') has delivered record unaudited revenue of A\$2.13m during Q4 FY2023, a 15% rise on last quarter (Q3 FY2023 revenue: A\$1.85m).

The sales result marks a 101% increase on the previous corresponding period ('PCP') (Q4 FY2022: A\$1.06m) and takes Mernova's total unaudited revenue for the FY2023 period to ~A\$7.11m, highlighting 51% growth on total FY2022 revenue (FY2022 revenue: A\$4.7m).

Q4 FY2023 revenue and the group's growth trajectory has been underpinned by ongoing sales of the Company's dried cannabis flower, pre-roll joints and electronic vaporiser products which are sold under Mernova's established 'Ritual' brand into all major Canadian provinces.

During Q1 FY2024, Mernova has also secured approximately A\$444,885 in new purchase orders from provincial partners, which are expected to be delivered and realised as revenue during the current quarter. The division also has a number of other sales initiatives underway and is confident of ongoing revenue growth.

Mernova's ongoing sales growth has strongly contributed to Melodiol's revenue in Q4 FY2023 and FY2023 more broadly, which has comfortably exceeded A\$20m, a 130% increase on total FY2022 revenue (total unaudited FY2022 revenue: A\$8.69m). As previously advised, the Company remains increasingly focused on its stated strategy of maintaining high revenue growth across the group, with an emphasis on cost management as it targets a cash-flow breakeven position.

Management commentary:

CEO and Managing Director, Mr William Lay said: "Mernova has continued to deliver strong revenue growth during FY2023, which is culminated in its Q4 FY2023 financial result. In recent quarters, the division has converted its consistent growth trajectory into what is now a market leading presence across Canada,

underpinned by strong relationships with provincial partners and a clear increase in brand and customer recognition nationwide.”

“The success of Mernova continues to validate Melodiol’s stated strategy to achieve growth through targeted M&A, leveraging the expertise of the board and management team in identifying key trends in the market globally for cannabis and other plant-based healthcare products.

“Melodiol has continued to benefit from the division’s revenue streams, which has allowed the Company to achieve FY2023 unaudited revenue of over A\$20m. This is a major milestone and highlights our ability to capitalise on multiple high growth opportunities. The Company looks forward to providing additional updates on other divisional sales growth over the coming weeks.”

Placement

The Company advises that it has today raised \$215,000 (before costs) through the issue of approximately 167,315,175 new Shares at a placement price of \$0.001285 per Share. Funds from the placement will be applied towards select business unit growth opportunities, corporate costs (including the restructure or sale of businesses representing less than 10% of overall group revenue in order to accelerate profitability), and costs of the placement.

Subject to shareholder approval, the placement participants will receive one free attaching ME1OE Option for every one new Share issued under the placement.

At the Company’s general meeting on 18 October 2023, the Company received shareholder approval to conduct a placement of Shares to raise up to \$3m at a 20% discount to the 10-day volume weighted average price (“VWAP”) prior to the date on which the issue price is agreed by the Company and participants under the placement. The issue price of the new Shares represents a 20% discount to the 10-day VWAP (as at close on Monday 15th January 2024) of \$0.001606.

The Company notes that core subsidiaries, Mernova Medicinal Inc., and HealthHouse Australia both demonstrated strong operating results during FY23 with each achieving at least one instance of a cash flow positive quarter during the year. With these encouraging results, the Company has taken active steps to refocus its efforts and resources into these higher performing business units, whilst exploring opportunities to undertake a strategic divestment of assets. Whilst it does so, it is likely that further capital will be required in the near term with the Company considering additional sources of capital, including but not limited to, other debt funding, further capital raising activities, divestment of non-core assets, and possible accretive divestment of core assets.

Lead Manager

EverBlu Capital Corporate Pty Ltd (“EverBlu”) acted as lead manager to the Placement. EverBlu will earn a 6% cash fee on the gross cash amount raised under the placement. Subject to shareholder approval, EverBlu will also receive 167,315,175 ME1OE Options (being the same number as issued to placement participants), and 100 million ME1OE Options for additional corporate advisory work, if feasible. If the issue of these Options is not feasible, the Company has agreed to work with EverBlu on a best efforts basis to come to an alternate arrangement. Where shareholder approval is not received, the cash equivalent of fees will be payable.

Secondary Trading Notice Pursuant to Section 708A(5)(e) of the Corporations Act

The Company gives this notice pursuant to section 708A(5)(e) of the Corporations Act 2001 (Cth) (‘Corporations Act’).

The Company advises that it intends to issue ordinary fully paid shares in the capital of the Company, per the Appendix 2As lodged with the ASX today (“Shares”). The Shares will be issued without disclosure under Part 6D.2 of the Act.

The Company, as at the date of this notice, has complied with:

- (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
- (b) section 674 and 674A of the Corporations Act.

As at the date of this notice, there is no information (other than the information immediately below) to be disclosed which is excluded information (as defined in section 708A(7) of the Corporations Act) that is reasonable for investors and their professional advisers to expect to find in a disclosure document.

In December 2023, the Company received a non-binding proposal from a third party, of which Director, Ms Jodi Scott is a related party, to acquire various core assets of the Company for a cash consideration. The non-binding proposal has not been executed, and the deadline for signing the proposal agreement has expired, however the Company is evaluating this proposal, and continuing conversations with the counterparty and will provide updates in due course if necessary.

-Ends-

Authority and Contact Details

This announcement has been authorised for release by the Board of Directors of Melodiol Global Health Limited.

For further information, please contact:

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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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Forward Looking statements

This announcement contains forward-looking statements with respect to Melodiol 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 Melodiol 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 Melodiol and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Melodiol has no obligation to up-date such statements, except to the extent required by applicable laws.