

12 February 2024

Mernova continues strong progress in Q1 FY24

Highlights:

- **6 different provincial markets to range new 'Ritual' branded products**
- **Ongoing cost optimisation initiatives have identified opportunities which are expected to remove ~A\$400k in annual expenses from the business and will be fully implemented by the end of Q2 FY24**
- **Over A\$1m in confirmed POs during Q1 FY24 through the ongoing sale of cannabis**
- **Strong start to Q1 FY24 follows record divisional revenue of A\$2.13m in Q4 FY23**
- **Mernova's FY23 revenue contributions assisted Melodiol in achieving record FY23 revenue of A\$21.5m – a 141% rise on FY22**

Melodiol Global Health Limited (ASX:ME1) ('Melodiol' or 'the Company') is pleased to advise that wholly-owned Canadian subsidiary, Mernova Medicinal Inc. ('Mernova') has achieved further operational milestones during Q1 FY24.

Mernova has successfully reached agreements to range new stock keeping units ("SKUs") in 6 different provincial markets. Each of these new SKUs are in addition to existing SKUs in the various markets:

- Nova Scotia Liquor Commission has accepted Halifax Sage 3x0.5g Pre-rolled joints and Sugar Bomb punch 1g vaporizers with an early April launch
- Newfoundland Labrador Liquor Commission will be launching three new SKUs on February 14: Halifax Sage 3x0.5g Pre-rolled Joints, Black Mamba 1g vaporisers and Black Mamba 10x0.5g Pre-rolled joints
- Alberta Gaming and Liquor Commission will be launching Sugar Bomb Punch 1g vaporisers by the end of February
- Ontario Cannabis Store has accepted three new SKUs with an early April launch date: Sacred Sage 3.5g dried flower, Sacred Sage 3x0.5g Pre-rolled Joints, and Sugar Bomb Punch 1g vaporisers
- New Brunswick has accepted 3x0.5g Halifax Sage Pre-rolled joints
- Manitoba Liquor Commission will be ordering Sugar Bomb Punch 1g vaporisers and Black Mamba Bubble Hash Infused Blunt at the end of February

These ranges demonstrate Mernova's management's ability both to further penetrate existing markets, and conduct new product development to further growth. Mernova has grown a strong reputation in the Canadian marketplace, and is confident these new ranges will assist the Company in continuing the strong growth that has been demonstrated over the last several quarters.

Additionally, management has been focused on reducing operating costs. Opportunities have been identified and acted upon in multiple areas such as optimising shipping costs, reducing labour associated with using labelling equipment automation, removing underutilised office leases, utilising third-party warehousing to store and ship products, and other ongoing streamlining processes. These initiatives are expected to remove ~A\$400k in annual operating expenses from the business and will be fully implemented by the end of Q2 FY2024.

Finally, Mernova has A\$1m+ in confirmed POs to-date during Q1 FY2024. This lays a strong foundation for the operating division to continue its growth trajectory.

The strong start to the three-month period follows the division's Q4 FY23 record unaudited revenue of A\$2.13m. Mernova's performance also assisted the Company achieve unaudited group revenue of A\$21,577,431 during FY23, a record for the Melodiol. Total FY23 revenue also marked a 141% rise on the previous corresponding period (FY22: \$8,950,259).

Management commentary:

CEO and Managing Director, Mr William Lay said: *"I'm very excited by the ranging of new products across various provincial markets in Canada. This achievement is a testament to the strong reputation Mernova has for quality in the market, and management's ability to develop new products. With further penetration into existing markets, Mernova has an opportunity to continue its impressive growth trajectory."*

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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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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.

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