

21 August 2023

Media Release

## Melodiol subsidiary Mernova Medicinal Inc. scales up as Q3 sales momentum accelerates

### Highlights:

- Mernova Medicinal Inc. ("Mernova") has recorded strong sales revenue and confirmed purchase orders (POs) in the September quarter to-date (approximately half a quarter) of \$1.3 m<sup>1</sup> (CA\$1.135m);
- Mernova on track to again achieve significant quarter on quarter growth, with Q3 revenue to date of \$1.3m only half way through the quarter, compared to Q2 full quarter revenue of \$1.5m;
- In addition to its strong focus on sales growth, Mernova continues to advance its compliance pathway for GMP (Good Manufacturing Practice) certification

Melodiol Global Health Limited (ASX:ME1, FRA:1X8) ('Melodiol' or 'the Company') is pleased to provide this trading update for its 100% owned Canadian subsidiary, Mernova Medical Inc ('Mernova') following a strong start to the September quarter across its key target markets in Canada.

With increasing traction across multiple Canadian products for its leading range of cannabis products, Mernova remains on track to deliver further growth with monthly sales accelerating further following strong July and August to date figures.

Aggregate sales and confirmed POs across July and August to-date now total \$1.3m (CA\$1.135m) for approximately half of the quarter, which compares favourably to Q2 full quarter record revenues of \$1.5m.

Along with strong sales across its product range in core target markets, the Company recently made its formal market entry to Alberta province after meeting key regulatory compliance standards in the region.

Alberta is the second largest provincial cannabis market nationally in Canada, and maintains strict compliance requirements which gives Mernova a competitive advantage following its successful submission process. Alberta marks the eighth province where Mernova has been approved to sell its leading range of licensed cannabis products, and the Company expects to book first sales in Alberta prior to the end of August for six stock-keeping units (SKUs) that have now been approved for sale.

The group's sales momentum across major markets in Canada will also be complemented by the launch of new rebranded product logos and packages and a revamped website, which have been approved for production and scheduled for soft launch later this week.

As revenue accelerates, Mernova remains committed to making cannabis products that adhere to the highest Good Manufacturing Practices (GMP) standards. The Company is now in the process of finalising its

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<sup>1</sup> Based on the current exchange rate of C\$1 = A\$1.15.

Vendor Qualification SOP documentation, and addressing final gaps in consultation with regulators in order to complete its Quality Risk Assessment framework.

During the quarter, Mernova has also advanced its Validation Master Plan documentation to formally align its development pathway with designated GMP steps and is working on a Site Master Plan to meet GMP requirements.

**Chief Executive Officer Mr William Lay said:** *"This trading update confirms the strong traction that Mernova has now established throughout the national cannabis market in Canada. We are particularly pleased with the Company's revenue run-rate in the September quarter to-date, which leaves it on track to underpin further growth for the group. Equally however, it's pleasing to note the group's progress with respect to its national distribution network and ongoing compliance initiatives to ensure it can produce cannabis products at scale to the highest standards of quality and compliance. Mernova's successful entry into Alberta opens up a significant new addressable market for the Company, providing further upside at a point where revenue growth in its core target markets is already accelerating. With further operational updates pending in the second half of 2023, in line with the Company's stated growth strategy, we are excited by the opportunity for Mernova to consolidate its position as a leading cannabis business in the North American market."*

## 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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