

24 July 2024

Mernova Q3 Revenue Update

Highlights:

- **\$1.5m (C\$1.4m) in confirmed purchase orders for delivery in Q3 2024, a very strong start to the quarter**
- **Follows Q2 2024 unaudited confirmed purchase orders total \$2.0m (C\$1.8m), a 25% increase on Q1 2024 (\$1.6m), and a 33% increase on Q2 2023 (\$1.5m)**
- **Demand underpinned by ongoing emergence of Ritual brand as a high quality option for consumers**
- **Following recently announced \$12m asset sale to strengthen balance sheet, Melodiol to leverage the brand awareness of Ritual to pursue continued sales into Canadian market, either by searching for new facility options or sourcing and branded resale of third party production**
- **Mernova was a strong contributor to group H1 2024 revenues of \$9.2m, a 31% increase on H1 2023 and annualised rate of \$18.4m**

Melodiol Global Health Limited (ASX:ME1) ('Melodiol' or 'the Company') is pleased to advise that its wholly owned Canadian subsidiary, Mernova, has delivered a strong start to Q3 2024 – amassing confirmed purchase orders of \$1.5m (C\$1.4m) in Q3 to date. During Q2 of 2024, Mernova had confirmed unaudited purchase orders of \$2.0m (C\$1.8m). This figure is a 25% increase on Q1 2024 (\$1.6m) and a 33% increase on Q2 2023 (\$1.5m). During H1 2024, Mernova revenues supported group revenues of \$9.2m, a 31% increase on H1 2023 and an annualised rate of \$18.4m.

As recently announced (refer to ASX release: 23 July 2024), the Company has entered into a non-binding LOI for the sale of the Mernova land and production facility for an initial cash consideration of \$12m, with up to \$2.2m in earn outs. The transaction consideration is sufficient to repay the Company's existing secured debt, thereby strengthening the balance sheet and providing working capital for further growth at Health House and Creso Pharma Switzerland. Additionally, the Company will attempt to recuperate revenues from Mernova, by retaining the Ritual brand as part of the transaction and either searching for new facility options, or by leveraging third party production to continue selling into existing markets. Recent revenue results for Mernova show that the Ritual brand experiences strong demand in the market, and the Company intends to leverage this demand during the next phase of its growth.

Management commentary:

CEO and Managing Director, Mr William Lay said: *"Mernova continues to deliver very strong sales results. This is a result of the high-quality products that are produced, and the awareness of the brand in its core markets. Despite the contemplated asset sale, we intend to make every effort to continue offering the Ritual brand via either a new facility, or via third party production."*

-Ends-

Authority and Contact Details

This announcement has been authorised for release by the CEO and MD 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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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.