

16 October 2023

100%-owned subsidiary, Health House International generates quarterly net profit of +\$300,000 from Australian operations

Highlights:

- **Melodiol's wholly-owned subsidiary, Health House International Limited ('HHI' or 'HHI International'), has delivered an unaudited net profit of \$312,548 from Australian operations in the September quarter**
- **The profit result was generated from unaudited Q3 FY23 revenues of \$2,998,365 in the first full quarter of operations post-acquisition – already a material contribution to Melodiol Group revenues before factoring in an additional contribution from HHI's UK operations**
- **Profit margin of +10% reflects well-established operating procedures on COGS (cost of goods sold) and a strong sales network across several leading Australian pharmacies**
- **Recent HHI Australia results for HHI validate Melodiol's strategy for growth via M&A, and contribute to broader momentum across the Melodiol group after its wholly-owned Canadian subsidiary, Mernova Medicinal Inc. achieved its third consecutive quarter of record revenues**
- **Profit result is in line with Melodiol's stated strategy to bring all operating subsidiaries to profitability, and marks the first step of consistent execution towards that objective**

Melodiol Global Health Limited (ASX:ME1, FRA:1X8) ('Melodiol' or 'the Company') is pleased to provide the following trading update for the Australian division of its fully-owned subsidiary, Health House International ('HHI Australia').

Unaudited figures for the September quarter ('Q3 FY23') show that HHI Australia generated sales of \$2,998,365, with consistent monthly sales of ~\$1m per month peaking in August at \$1,064,494.

Adjusted for Cost of Goods Sold (COGS) and operating expenses, HHI Australia was also profitable with quarterly net profit before tax of \$312,548, representing a net-profit-to-sales margin of 10.4%.

Q3 FY23 represented the first full quarter of integrated operations for Health House International within the Melodiol group, after the Company completed the strategic acquisition in May 2023 (refer ASX Announcement: 16 May 2023).

The result confirms the strong traction HHI Australia has established as a leading distributor of medicinal cannabis products through a diversified network of pharmacy customers.

HHI's national sales footprint was highlighted by strong momentum in Victoria and Queensland, which collectively accounted for ~50% of total revenues during the quarter. Strong traction was also observed in Western Australia (~20%) and New South Wales (~15%) during the quarter.

HHI International's broader contribution to Melodiol's unaudited group revenues and net earnings will be further bolstered by the inclusion of quarterly financial data for the Company's UK operations, which will be finalised and reported in October.

The quarterly net profit figure achieved by HHI Australia is reflective of the value-accretive credentials that were identified by the Melodiol management team when the decision was made to acquire the business. Combined with the recent momentum across the group, Melodiol is focused on converting sales growth into net profits across its portfolio of operating subsidiaries. HHI Australia's strong EBITDA margin highlights the Company's ability to deliver on this stated strategy.

HHI is also actively broadening its licence suite, with its Australian division having formally lodged applications for state licence amendments to import and distribute medicines containing psilocybin and MDMA for either clinical trial purposes or certain mental health conditions under authorised psychiatrists.

The leadership role being played by HHI Australia to establish commercial pathways for these solutions follows the TGA indication on 1 July 2023 that medicines containing psilocybin and MDMA would be available for prescription by specifically authorised psychiatrists for the treatment of certain medical conditions.

Chief Executive Officer Mr William Lay said: *"We are pleased to report these unaudited results for HHI Australia following the business's first full quarter of operations as an integrated division of Melodiol Global Health. As previously communicated to market, it's a strategic priority of Melodiol to generate growth through strategic M&A and the acquisition of HHI marks successful execution in that regard.*

"Due diligence during the acquisition process left the Melodiol Board and management team confident that HHI was positioned to make an immediate and material contribution to group revenues and net earnings, and these results confirm that view.

"We look forward to reporting on further growth going forward, as HHI continues to leverage its established position as a leading distributor of medicinal cannabis products in Australia and the UK."

-Ends-

Authority and Contact Details

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

For further information, please contact:

Investor Enquiries

Melodiol Global Health Limited

E: info@melodiol-global-health.com

P: +61 (0) 497 571 532

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/>

Melodiol offices:

Australia: Suite 5 CPC, 145 Stirling Hwy, Nedlands, WA, 6009

Canada: 59 Payzant Drive, Windsor, Nova Scotia, B0N 2T0 and 50 Ivey Ln, Windsor, Nova Scotia, B0N 2T0

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.