

3 July 2023

Wholly-owned subsidiary Health House International delivers significant revenue and strong EBITDA 2023 to date in operating units

Highlights:

- **Melodiol closed the acquisition of Health House, an international pharmaceutical distributor, specialising in the distribution of medicinal cannabis products in Australia and medical products in the UK, in May 2023**
- **HHI generated combined currency-adjusted unaudited revenues of \$9.55m from January 2023 through May 2023**
- **Top-line revenue growth flowed through to an unaudited adjusted EBITDA in its operating units for the five-month period of \$897,000, reflecting an adjusted EBITDA margin of 9.3%**
- **Further reiterates Melodiol's strategy that the acquisition and integration of HHI significantly increases the scale of the Melodiol business – combined Q1 revenues of Melodiol and HHI represent \$33.6m on an annual basis, with HHI financials beginning to be captured in Melodiol consolidated financials from Q2 2023¹**

Melodiol Global Health Limited (ASX:ME1, FRA:1X8) ('Melodiol' or 'the Company') is pleased to provide the following trading update for its wholly-owned Australian subsidiary, Health House International ('Health House' or 'HHI'), which has demonstrated exceptional financial performance during CY2023.

Health House is an international pharmaceutical distributor, specialising in the distribution of medicinal cannabis product in Australia and medical products in the UK. The Company completed the acquisition of HHI in May 2023 (refer ASX announcement: 16 May 2023) and have been assisting its management drive sales growth and operating efficiencies for a number of months prior to the acquisition.

Health House's recent financial results highlight consistently strong 2023 growth in revenue and adjusted EBITDA across HHI's operating divisions in the Australia and the UK.

For the five-month period ended 31 May 2023, HHI generated combined currency-adjusted unaudited revenues of \$9.55m Top-line revenue growth flowed through to unaudited adjusted EBITDA in operating units for the period of \$897,000, reflecting an adjusted EBITDA margin of 9.3%.

Health House Australia and UK operating units have now become the second and third Melodiol Group business units to achieve a cash flow or adjusted EBITDA positive result, following recent growth via wholly-owned Canadian subsidiary Mernova Medicinal Inc., which reached achieved a cash flow positive Q1 FY2023 (refer ASX announcement: 19 April 2023).

¹ Based on ME1 Q1 revenue of A\$2.3m and HHI Q1 revenue of A\$6.1m (using a GBP to AUD exchange rate of 1.87), multiplied by 4 to demonstrate a hypothetical annualised result. The Company notes that this is not a financial forecast and that there is no guarantee that the same results will be achieved each quarter moving forward. Further, the HHI acquisition closed on 15 May 2023, and the results of HHI will only be consolidated in the accounts of ME1 from that date.

Recent results from both Health House and Mernova provides considerable validation of Melodiol's strategy to grow revenue with a strategic focus on cost management at the business group level to achieve cash flow breakeven. The Company is confident that it will continue this trajectory across other business units in the coming quarters.

Management commentary:

Chief Executive Officer Mr William Lay said: *"The Company is very pleased to have delivered such strong results on behalf of Health House's Australian and UK operating businesses, which are now the second and third Melodiol business divisions to achieve a quarter of cash flow or adjusted EBITDA break even position. The results follow a considerable amount of hard work from the existing HHI management team, and I would like to congratulate them for their persistence and determination since joining the Melodiol group of companies.*

"HHI continues to witness very strong demand for its medicinal cannabis products in Australia and the UK and we are confident that the Company's growth trajectory will continue over the coming months. We look forward to providing additional updates on growth through other business divisions in the coming weeks."

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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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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.