



Molecule Holdings Inc. Announces Closing of First Tranche of Unsecured Convertible Debenture Financing

August 4, 2021, (Ottawa, Ontario) – Molecule Holdings Inc. (CSE: MLCL) (“**Molecule**” or the “**Company**”), is pleased to announce that it has closed the first tranche (the “**First Tranche**”) of its previously announced non-brokered private placement of unsecured convertible debentures (each, a “**Debenture**”, collectively the “**Debentures**”) of the Company (the “**Offering**”). The Company has raised gross proceeds of \$1,414,000 in the First Tranche of a targeted minimum of \$1,500,000 for the Offering. Molecule intends to close a second and final tranche in the next one to two weeks and anticipates it will exceed its targeted minimum.

The Debentures will mature on the date (the “**Maturity Date**”) that is thirty-six (36) months from the date of issuance (the “**Closing Date**”) and will bear interest at a simple rate of 8.00% per annum, payable semi-annually in cash within 30 days of each June 30th and December 31st until conversion or repayment. The holders of the Debentures will be entitled to convert the Principal Amount of the Debentures at any time prior to the Maturity Date into common shares of the Company at a conversion price of \$0.10 (the “**Conversion Price**”), subject to adjustment. As of the date that is four (4) months and one (1) day following the Closing Date, the Company will have a right to prepay or redeem the Principal Amount, in whole or in part, at par plus accrued and unpaid interest, without penalty.

For each \$1,000 in principal amount (the “**Principal Amount**”) of the Debentures, the holder will be entitled to receive 6,000 share purchase warrants (each a “**Warrant**”, collectively the “**Warrants**”), each Warrant entitling the holder thereof to acquire one common share of the Company (each a “**Warrant Share**”, collectively the “**Warrant Shares**”) at an exercise price of \$0.15 per Warrant Share (the “**Exercise Price**”) (subject to adjustment) for a period of thirty-six (36) months from the Closing Date.

In the First Tranche, 1,414 Debentures and 8,484,000 Warrants were issued. The Company also paid \$92,720 in finder’s commissions, \$4,000 in advisory fees and issued 927,200 non-transferable finder warrants (the “**Finder Warrants**”) and 24,000 non-transferable advisory warrants (the



“**Advisory Warrants**”). The Finder Warrants are exercisable at \$0.10 per share for a period of thirty-six (36) months from the Closing Date and the Advisory Warrants are exercisable at \$0.15 per share for a period of thirty-six (36) months from the Closing Date. The Debentures and the securities issuable upon conversion of the Debentures will be subject to a statutory hold period expiring on the date that is four months and one day after the Closing Date, expiring on December 1, 2021 with respect to the Debentures and underlying securities issued pursuant to the First Tranche.

The proceeds of the Offering are expected to be used for general working capital. Completion of the Offering is subject to the receipt of all required regulatory approvals, as applicable.

Subject to the policies of the Canadian Securities Exchange (the “**CSE**”) and approval if required, the Debentures and the Warrants provide for anti-dilution adjustments, including corporate actions of the Company as well as future securities issuances below the Conversion Price or Exercise Price, as applicable, resulting in the decrease of the Conversion Price or Exercise Price respectively.

The Offering constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("**MI 61-101**") as certain insiders of the Company subscribed for an aggregate of 125 Debentures (and corresponding Warrants) pursuant to the Offering. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the Offering by insiders does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering as the insider participation was only recently confirmed.

EARLY WARNING NOTICE

Prior to the completion of the First Tranche, Andre Audet, an insider of the Company, owned directly and indirectly 8,276,170 common shares of the Company and convertible debentures and options convertible or exercisable, respectively, into 687,500 common shares of the Company, representing 8.68% of the Company’s issued and outstanding shares on an undiluted basis and



9.33% on a partially diluted basis. Upon completion of the First Tranche, Mr. Audet owns, directly and indirectly, 8,276,170 common shares of the Company and convertible debentures, options and warrants convertible or exercisable, respectively, into 2,287,500 common shares of the Company, representing 8.68% of the Company's issued and outstanding shares on an undiluted basis and 10.82% on a partially diluted basis. All securities of the Company held by Mr. Audet were acquired for investment purposes. In the future, by Mr. Audet (directly or indirectly), may acquire and/or dispose of securities of the Company through the market, privately or otherwise, as circumstances or market conditions may warrant.

This portion of the news release is issued pursuant to National Instrument 62-103 - The Early Warning System and Related Takeover Bid and Insider Reporting Issues of the Canadian Securities Administrators, which also requires an early warning report to be filed with the applicable securities regulators containing additional information with respect to the foregoing matters. A copy of Mr. Audet's early warning report in respect of this transaction will be available on the Company's issuer profile on SEDAR at www.sedar.com.

None of the securities issued in connection with the Offering will be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This press release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

ON BEHALF OF THE BOARD

MOLECULE HOLDINGS INC.

Per: "Philip Waddington"

President, CEO and Director

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About Molecule Holdings Inc.

Molecule works with client-partners to engage in the production of cannabis-infused beverages and edibles. We provide the infrastructure, know-how, technology, and licensing for craft producers to create consumable cannabis products. Molecule's goal is to be the on-ramp for companies wishing to enter into the cannabis beverage and edibles market, but who choose not to go through the significant process of obtaining the required cannabis licences.

Neither the Canadian Securities Exchange nor its regulation services provider accepts responsibility for the adequacy or accuracy of this press release.

Forward-Looking Statements

Certain statements contained in this news release may constitute forward-looking information.

Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions, and other factors, many of which are beyond the control of the Company. In this news release, the Company is making forward-looking statements with respect to the Offering, including but not limited to the terms thereof, anticipated timing for closing, insider participation and use of proceeds. The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon. Any forward-looking information contained in this news release represents the Company's expectations as of the date hereof and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.