



## **Molecule Holdings Inc. Announces Debt Financing Transaction and Restructuring of Certain Existing Debt and Update on Order Pipeline**

**April 11, 2023** – Molecule Holdings Inc. (CSE: MLCL) (“**Molecule**” or the “**Company**”), a Canadian craft-focused cannabis beverage production company, is pleased to announce that it has obtained short-term financing (the “**Financing**”) from one of the Company’s existing lenders (the “**Lender**”), in the amount of \$250,000. The Company entered into a senior secured promissory note (the “**Senior Secured Note**”) in favour of the Lender. The Senior Secured Note is payable in 60 days, bears interest at a rate of 3% per month and is secured by certain accounts receivable payable to the Company. Holders of the Company’s Secured Convertible Debentures (as defined below) have entered into a postponement, subordination and standstill agreement with respect to the Senior Secured Note and the security granted thereunder.

### **Amendments to Secured Convertible Debentures**

In connection with the Financing, and further to the Company’s press release of February 23, 2023, holders of the remaining secured convertible debentures of the Company (the “**Secured Convertible Debentures**”), including the Lender and an affiliate, have entered into amending agreements (the “**Amending Agreements**”) with respect to their secured convertible debentures. The Lender and its affiliate, which hold an aggregate of \$250,000 in secured convertible debentures that matured on September 18, 2022, have agreed to extend the maturity date of their Secured Convertible Debentures to September 18, 2023. The Amending Agreements with the Lender and its affiliate also amended their Secured Convertible Debentures to increase the interest rate from 8% to 12%, to take effect retroactively from September 18, 2022, with all interest payments, both accrued and unpaid and future interest payments, to accrue to the face value of the Secured Convertible Debentures. The Amending Agreements also provide for a one-time penalty payment of 15%, which will accrue to the face value of the Secured Convertible Debentures.

The holder of the Secured Convertible Debenture issued by the Company on May 30, 2022 (“**MHG**”) also agreed to amend its Secured Convertible Debenture to increase the interest rate to 12% to take effect retroactively from December 31, 2022 with all interest payments, both accrued and unpaid and future interest payments, to accrue to the face value of the Secured Convertible Debenture. The Amending Agreement with MHG also provided for a one-time penalty payment of 15%, which will accrue to the face value of the Secured Convertible Debenture.

### **Amendments to Unsecured Debt of the Company**

The unsecured debt currently held by the Lender and certain of its affiliates, being: (a) the unsecured convertible debentures held by the Lender and certain of its affiliates in the aggregate principal amount of \$359,000 (the “**Unsecured Convertible Debentures**”); and (b) the \$250,000 unsecured grid promissory note issued by the Company to the Lender on April 28, 2022 (the “**Unsecured Note**”), has been amended and restated as secured convertible debentures and a secured grid promissory note, respectively, secured by all present and after-acquired property of the Company and ranking junior in priority to the Senior Secured Note and the Secured Convertible



Debentures.

As part of the amendments to the Unsecured Convertible Debentures, the holders of the amended Unsecured Convertible Debentures extended the maturity date of the Unsecured Convertible Debentures from July 20, 2023 to March 31, 2024 and agreed to a one-time penalty payment of 5%, which will accrue to the face value of the Unsecured Convertible Debentures. All accrued but unpaid and future interest payments on the Unsecured Convertible Debentures will accrue to the face value of the Unsecured Convertible Debentures.

As part of the amendments to the Unsecured Note, the Lender agreed to extend the maturity date to January 31, 2024 (from a demand note payable at any time) and an increase in the interest rate of the Unsecured Note from 10% to 12%. All accrued but unpaid and future interest payments on the Unsecured Note will accrue to the face value of the Unsecured Note.

### **Update on Order Pipeline**

The Company is pleased to further announce that it currently has orders for close to 200,000 units of its products from the Ontario Cannabis Store (the “OCS”). The Company anticipates shipping these orders to the OCS beginning April 28, 2023 and continuing to ship through the middle of May. The existing orders, once shipped and paid for by the OCS, will total approximately \$675,000 in sales.

David Reingold, Chief Executive Officer of Molecule, stated: “We are pleased to have now negotiated extensions with the entire senior secured group of lenders of the Company along with other pieces of outstanding debt. The short term funding we received as part of the Financing will be used to progress the substantial pipeline of OCS orders for the Company’s products. We anticipate additional weekly orders to be placed by the OCS as consumer demand increases with the busy spring and summer season. We continue to work towards a long term funding solution and will update the market as necessary.”

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### **About Molecule Holdings Inc.**

Molecule is a licensed producer dedicated to creating cannabis-infused beverages for the Canadian market. We produce leading, top-quality drinks to provide opportunity and choice to people seeking a convenient and social way to consume cannabis. Molecule is focused on growing both our portfolio, and the overall cannabis beverage market. We want to ensure people have the best opportunity to find exactly the product and experience they thirst for.

*Neither the CSE nor its regulation services provider accepts responsibility for the adequacy or accuracy of this press release.*

## Cautionary Note

*This press release contains statements that constitute “forward-looking information” (“forward-looking information”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking information and are based on expectations, estimates and projections as at the date of this news release. Any statement that discusses predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking information. Forward-looking information in this press release includes statements related to the Company’s ability to ship orders to the OCS on the timing described herein or at all; the expected revenue from the orders from the OCS; the expected use of proceeds for the Financing and the Company being able to obtain the necessary materials on the timing required to ship orders to the OCS; the Company’s expectations with respect to increased consumer demand; the ability of the Company to obtain long-term financing; and the Company’s ability to produce cannabis-infused beverages for the Canadian beverage market to provide opportunities for people to consume cannabis. In disclosing the forward-looking information contained in this press release, the Company has made certain assumptions, including: that the Company will be able to source the necessary materials and have the necessary staff to complete shipments to the OCS in a timely manner or at all; the OCS remitting payment for the orders on a timely basis and in full; there not being any reduction or cancellation of orders from the OCS; the consumer demand for cannabis products following existing seasonal trends; the Company using the proceeds from the Financing as set out herein; and there not being any bankruptcy or company creditor arrangement proceedings initiated against the Company for any reason.*

*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. For a complete list of the risk factors identified by the Company, please refer to the Company’s current management’s discussion and analysis, which has been filed on the Company’s SEDAR page and can be accessed at [www.sedar.com](http://www.sedar.com). The Company further notes that there are risks that: the orders to the OCS may not be shipped on the timeline described herein or at all; the Company may not be able to source materials or labour necessary to complete the orders to the OCS; the OCS may reduce or cancel its orders; the OCS may not remit payment for the orders on a timely basis; there may be unexpected reductions in consumer demand for cannabis products; the Company may use the proceeds from the Financing in other manners; and one or more creditors of the Company may initiate bankruptcy or company creditor arrangement proceedings which may divert the resources of the Company or be successful. 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.*