



## **Molecule Holdings Inc. Announces Issuance of Cease Trade Order, Application for Partial Revocation Order, and Provides Update on Debenture Amendments and Financing**

**March 7, 2024** – Molecule Holdings Inc. (CSE: MLCL) (“**Molecule**” or the “**Company**”), a Canadian craft-focused cannabis beverage production company, today announces that on March 5, 2024, the Ontario Securities Commission (the “**OSC**”), as principal regulator of the Company, issued on a “failure to file” cease trade order (“**CTO**”) prohibiting the trading by any person or company of any securities of the Company in Canada, except pursuant to limited exceptions under the CTO.

The CTO was issued as a result of the Company’s delay in filing its annual financial statements, management’s discussion and analysis and related officer certifications for the year ended October 31, 2023 (collectively, the “**Annual Filings**”) as required under Parts 4 and 5 of National Instrument 51-102 – *Continuous Disclosure Obligations* and pursuant to National Instrument 52-109 – *Certification of Disclosure in Issuer’s Annual and Interim Filings*. As disclosed in the Company’s prior press releases, the interim financial statements, management’s discussion and analysis and related officer certifications for the three and nine months ended July 31, 2023 (the “**Interim Filings**”) were late-filed as a result of a contractual dispute between the Company and the financial services company that assisted the Company with finance-related consulting services (the “**Dispute**”). The delayed filing of the Interim Filings, as well as the onboarding of the two new independent consultants (together, the “**Consultants**”) currently providing the Company with financial, accounting and bookkeeping services as a result of the Dispute, has caused an associated delay in the preparation and audit of the Annual Filings.

The Company regrets this unnecessary delay in filing and the inconvenience to shareholders and is working with the Consultants and its auditors to file the Annual Filings as soon as possible. It is currently expected that the Annual Filings will be completed prior to the end of May.

The CTO will remain in place until such time as it is fully revoked following the filing of the Annual Filings by the Company, in accordance with National Policy 11-207 – *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*. However, the Company intends to file a partial revocation application (the “**Application**”) with the OSC to allow the Company to complete the Debenture Amendments and the Financing (each as defined under the heading ‘Corporate Update’ below) during the CTO, as further described under the ‘Partial Revocation Application’ heading below.

The Company will make further announcements with respect to the status of the Annual Filings as and when appropriate.

### Corporate Update

The Company is also pleased to provide a general corporate update regarding its ongoing activities.

The Company has engaged in discussions with the Canadian Securities Exchange (the “**CSE**”), holders (the “**Holders**”) of the outstanding unsecured debentures issued by the Company in the aggregate principal amount of \$3,140,000 (the “**Unsecured Debentures**”) to amend the terms of such Unsecured Debentures that have the effect of (i) revising certain material terms of the Unsecured Debentures; and (ii) requiring the Holders to concurrently convert the Unsecured Debentures into common shares in the capital of the Company, which would satisfy the outstanding principal amount (the “**Principal**”) and accrued and unpaid interest owing pursuant to the Unsecured Debentures in full (together, the “**Amendments**”).

As of the date of this press release, holders of approximately 90% of the Principal have agreed to non-binding term sheets disclosing the proposed terms of the Amendments. Further, the CSE has recently approved the completion of the Amendments and has granted the Company an exemption from the requirement to obtain securityholder approval to complete the Amendments.

The Company believes that the Amendments will assist the Company in reorganizing its capital structure in order to ultimately attract investment required to manage the growth of the business.

Prior to the CTO, the Company initiated conversations with potential investors (the “**Potential Investors**”) regarding an interim financing (the “**Proposed Financing**”). Any Proposed Financing will be conditional on revocation of the CTO or receipt of an Order (as defined below).

#### Partial Revocation Application

The Company is currently preparing an application (the “**Application**”) to the OSC to request that the OSC issue an order (an “**Order**”) partially revoking the CTO to allow for the Company to complete the Amendments and/or the Financing. The Company expects the Application to be submitted to the OSC within the next week.

The Company will make further announcements with respect to the status of the Application, as appropriate. Receipt of an Order would allow the Company to complete the Amendments and continue to progress discussions regarding a Financing.

#### Additional Information

There can be no assurance that the Company will be able to remedy its filing default and have the CTO lifted, that the OSC will issue an Order, or that the Company will complete the Amendments and/or the Proposed Financing, in a timely manner, on the terms set out herein, or at all. Failure to complete, or receive approval for, any of the matters noted herein may have a negative impact on the value of the securities of the Company.

As a result of the CTO, the Company has halted discussions with the Holders and the Potential Investors as discussions regarding the Amendments and the Interim Financing are not permitted activities under the CTO.

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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 Regarding Forward-Looking Statements**

*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. In disclosing the forward-looking information contained in this press release, the Company has made certain assumptions. Forward-looking information in this press release includes statements regarding the completion of the Annual Filings, including the*

*timing thereof, and the revocation of the CTO; potential impacts of the CTO on the Common Shares; the completion of the Amendments; the completion of the Proposed Financing; the filing of the Application with the OSC with respect to an Order; receipt of an Order; the impact of an Order with respect to the Amendments and the Proposed 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.*

*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. Specifically, there are risks that: the Annual Filings may not be completed within the timeframe described herein or at all; the OSC may not lift the CTO or issue the Order; and the Amendments and the Proposed Financing may not be completed on the terms described herein, or at all. Additional risk factors can also be found in the Company's current MD&A, which has been filed on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com).*

*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.*