



Molecule Holdings Inc. Announces Amendment and Conversion of Unsecured Debentures

November 28, 2024 – Molecule Holdings Inc. (CSE: MLCL) (“**Molecule**” or the “**Company**”), a Canadian craft-focused cannabis beverage production company, today announces that, as of November 28, 2024 (the “**Closing Date**”), it has entered into amending and settlement agreements (each, an “**Amending Agreement**”) with certain holders of 8% unsecured convertible debentures issued on September 17, 2020, July 30, 2021, and August 11, 2021 (collectively, the “**Unsecured Debentures**”) that had previously matured, to amend the terms of the Unsecured Debentures, resulting in the settlement and conversion of the Unsecured Debentures (the “**Transaction**”).

Prior to the completion of the Transaction, \$3,140,000 in principal amount remained outstanding under the Unsecured Debentures (the “**Outstanding Principal Amount**”), in addition to accrued but unpaid interest (“**Interest**”). Pursuant to the terms of the Amending Agreements, the Company and the holders of \$2,360,000 of the Outstanding Principal Amount (the “**Amending Debentureholders**”), representing greater than 75% of the Outstanding Principal Amount, agreed to the following amendments to the Amending Debentureholders’ Unsecured Debentures (collectively, the “**Amendments**”):

- the extension of the original maturity dates of the Unsecured Debentures to the Closing Date;
- the reduction of the original conversion prices of the Unsecured Debentures to \$0.02 (the “**New Conversion Price**”) per common share in the capital of the Company (“**Common Share**”);
- providing each Amending Debentureholder with a 10% premium on their respective portion of the Outstanding Principal Amount as of the Closing Date (the “**Premium**”); and
- the issuance to each Amending Debentureholder of 0.4 of a Common Share purchase warrant (each, a “**Warrant**”) for each \$0.02 outstanding in respect of their respective portion of the Outstanding Principal Amount, Premium and Interest as at the Closing Date (collectively, the “**Outstanding Amounts**”). Each whole Warrant entitles the holder thereof to purchase one Common Share at a price of \$0.05 per Common Share (the “**Warrant Exercise Price**”) for a period of five years from the Closing Date.

Immediately following completion of the Amendments, each Amending Debentureholder was deemed to have converted their Unsecured Debentures, including all Outstanding Amounts. Pursuant to the terms of the Amending Agreements, the settlement of the Outstanding Amounts resulted in the issuance of 152,670,000 Common Shares and 61,068,000 Warrants. As a result of the completion of the Transaction, total Outstanding Amounts of greater than \$3,000,000 were settled and extinguished. All securities issued in connection with the Interest, Premium and Warrants bear a hold period of four month plus one day from issuance.

We are pleased to have completed this initial step in restructuring our capital structure,” said David Reingold, CEO of Molecule. “A stronger balance sheet provides us with greater flexibility as we explore options to fund our business growth and execute on our strategic objectives. This milestone reflects our commitment to building a solid foundation for long-term success.”

The holders (the “**Default Holders**”) of \$780,000 of the Outstanding Principal Amount (the “**Default Principal Amount**”) have not agreed to the above terms, or could not be located, and their Unsecured Debentures remain in default as of the date of their maturity. The Company intends to come to a solution with the Default Holders. However, at present, there can be no assurance as to what, if any, alternatives might be pursued by the Company. There can also be no assurance that the Company will reach any solution with the Default Holders, or as to the terms of any such solution, if achieved.



The Canadian Securities Exchange (the “CSE”) conditionally approved the completion of the Amendments and granted the Company an exemption from the requirement to obtain securityholder approval for the Transaction. The securities have been issued pursuant to the previously announced partial revocation order of the Ontario Securities Commission dated August 30, 2024 of the Company’s failure-to-file cease trade order dated March 5, 2024.

Pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”), the Transaction constitutes a “related party transaction” as directors and officers of the Company settled an aggregate of 210 Unsecured Debentures, representing \$210,000 of the Outstanding Principal Amount. The settlement of Unsecured Debentures held by insiders resulted in the issuance of 13,589,250 Common Shares and 5,435,700 Warrants, representing approximately 8.9% of the Common Shares and Warrants issued in the Transaction. The Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61-101 as the fair market value of the securities distributed to, and the consideration received from, all related parties participating in the Transaction do not exceed 25% of the Corporation’s market capitalization as determined in accordance with MI 61-101. The Company did not file a material change report more than 21 days before the closing of Transaction as the details of the related parties’ participation in the Transaction, and the certainty of the closing of the Transaction, had not been settled.

Early Warning Reporting

This portion of the press release is being issued pursuant to and National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issuers* (“NI 62-103”) and National Instrument 62-104 – *Take-Over Bids and Issuer Bids* (“NI 62-104”).

As a result of the Transaction, Mr. André Audet, Chairman, Co-Founder and Interim Chief Financial Officer, settled 125 Unsecured Debentures, representing \$125,000 of the Outstanding Principal Amount. The settlement of the Unsecured Debentures resulted Mr. Audet acquiring beneficial ownership, control or direction over 8,085,000 Common Shares and 3,234,000 Warrants.

Prior to the Transaction, Mr. Audet had beneficial ownership, control or direction over 125 Unsecured Debentures, 9,488,170 Common Shares and 400,000 options to purchase Common Shares (“Options”). As a result of the Transaction, Mr. Audet now has beneficial ownership, control or direction over nil Unsecured Debentures, 17,573,170 Common Shares, 3,234,000 Warrants and 400,000 Options. The completion of the Transaction has resulted in Mr. Audet having beneficial ownership, control or direction over 7.02% and 8.47% of the Common Shares on a non-diluted and partially-diluted basis, respectively. As a result, Mr. Audet has ceased to be a 10% shareholder of the Company for purposes of NI 62-103 and NI 62-104.

The securities indicated in this press release were not acquired through the facilities of any market for securities of the Company as they were issued directly by Molecule. No new consideration was paid for the Transaction. Mr. Audet relied on Section 2.14 – *Securities for Debt* of National Instrument 45-106 – *Prospectus Exemptions* (“NI 45-106”) for the issuance of the Common Shares and Section 2.3 – *Accredited Investor* of NI 45-106 to acquire the Warrants on the basis that Mr. Audet is an “accredited investor” as defined therein.

The Common Shares currently held by Mr. Audet are for investment purposes. Mr. Audet and any joint actor may increase or decrease its investment, directly or indirectly, in securities of the Company from time to time, depending on the trading price of the Common Shares, market conditions or any other relevant factors.



A copy of the related early warning report will be filed within 2 business days from the completion of the Transaction and may be found on the Company's profile at www.sedarplus.ca or may be obtained from Mr. Audet at 591 Reynolds Road, Lansdowne, ON K0E 1L0.

For further information, please contact:
André Audet, Chairman and Co-Founder
Phone: 1 (888) 665-2853 x101
Email: andre@molecule.ca
www.molecule.ca

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 related to the Amending Agreements and the obligations set out therein, and related approval of the CSE; the Transaction; the Default Principal Amount owing to the Default Holders, including the ability to come to a solution with the Default Holders; statements related to the Company's long-term plans regarding growth and objectives; 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. 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.sedarplus.ca.

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.