

8 August 2023

Capital raising and debt to equity conversions

Highlights:

- **Melodiol has received firm commitments to issue 167,445,189 Shares at an issue price of \$0.00821 per Share totalling ~\$1.4m for a cash placement and agreements to convert debt to equity**
- **Payment of third amortisation, totalling \$270,000 under SBC Global Convertible Note facility via the issuance of 33,750,000 shares – first tranche of notes to be two thirds repaid**
- **Placement follows strong unaudited net sales for the combined Melodiol group of \$4.74m during Q2 FY2023 – 105% gain on Q1 FY2023 and a 202% increase on the previous corresponding period**
- **Placement also follows recently announced LOI to sell Sierra Sage Herbs and Halucenex for a total transaction price of approximately up to A\$30m, including A\$3m in up front cash**

Melodiol Global Health Limited (ASX:MEI, FRA:1X8) ('Melodiol' or 'the Company') is pleased to advise it has received firm commitments from new and existing institutional, professional and sophisticated investors to raise cash and convert current liabilities to equity through the issue of approximately 167,445,189 fully paid ordinary shares ('Shares') at an issue price of \$0.00821 per Share (the 'Placement') totalling \$1.4m (before costs).

The Company has also agreed to satisfy its obligations under the third amortisation payment to SBC Global under the Convertible Note Facility via the issuance of 33,750,000 shares, following which the facility will be two thirds repaid.

Funds from the Placement will be used towards marketing and sales initiatives, and completion of pending M&A, among other activities.

Subject to shareholder approval, Placement participants will receive two free attaching listed options (ASX: MEIO), exercisable at \$0.25 on or before 2 November 2024 ("Placement Options"), for every one Placement Share subscribed for and issued.

The issue price of new Shares represents a 17.9% discount to the last closing price of \$0.01 on 3 August 2023, and a 24.9% discount to the 15-day VWAP being \$0.011.

Management commentary:

Chief Executive Officer Mr William Lay said: *"We are very pleased to have received support for this new funding. I would like to thank existing shareholders for their support, as well as welcome new investors to the register."*

"The new funding will allow us to continue delivering strong revenue growth and diligently pursue group profitability. Melodiol remains very focused on its cost base, evident from the recent LOI to sell two early stage divisions for up to A\$30m, while seeking additional revenue generating opportunities. We look forward to providing further updates over the coming months."

SBC Global

The Company has agreed to repay the entire balance owing under the third amortisation payment (including interest) to SBC from the First Purchase Convertible Notes ("First Purchase") (\$270,000) in Shares, based on the terms of the Convertible Securities Agreement.

Based on the items described above, and under the terms of the Convertible Securities Agreements, the Company will issue 33,750,000 Shares to SBC as summarised in the following table, based on a Melodiol issue price of \$0.008, being 93% of the lowest 1-day VWAP in the actual 10 trading days preceding a redemption.

	Face Value	Shares	Issue Capacity
Third Amortisation Payment	\$250,000	31,250,000	Shareholder approval – 15 May 2023
Interest Component	\$20,000	2,500,000	Under the Company's LR7.1 capacity

At its General Meeting in May 2023, the Company received approval to ratify the issue of the First Purchase, which permits the issuance of a maximum number of Shares of 218,976,674 on conversion (or amortisation) of those convertible notes.

The interest component associated with the amortisation payment will be settled by the issue of Shares under the Company's Listing Rule 7.1 placement capacity.

As a result of the amortisation payment, 225,002 SBC First Purchase Convertible Notes under the First Purchase will be redeemed, with a balance of 349,987 SBC First Purchase Convertible Notes remaining. It is anticipated that the Shares to SBC Global will be issued today.

Placement Capacity

70,003,045 Shares issued for \$574,725 cash received under the Placement will be issued using the Company's existing placement capacity under ASX Listing Rule 7.1A. 91,352,010 Shares issued in lieu of repayment of existing loans totalling \$510,000 and 6,090,134 Shares issued in lieu of cash payment for invoices totalling \$39,875 will be issued using the Company's placement capacity under ASX Listing Rule 7.1. None of the parties who are participating in Placement are related parties of the Company.

It is anticipated that all Shares under the Placement will be issued on or around 14 August 2023. Placement Options will be issued under a Prospectus, following receipt of approval at a meeting of Shareholders, to be called within 4 weeks of the issue of Shares under the Placement.

Lead Manager:

EverBlu Capital Corporate Pty Ltd ("EverBlu") acted as lead manager to the Placement. EverBlu will earn a 6% cash fee on the gross cash amount raised under the Placement (not including debt to equity conversions), to be settled by the issue of 4,200,183 Shares at a deemed issue price of \$0.00821, subject to Shareholder approval. Subject to shareholder approval, EverBlu will also receive 38 million Shares for their role in facilitating the Placement and SBC Global negotiations. Shares to EverBlu will be issued following receipt of Shareholder approval, to be sought at a meeting to be called within 4 weeks of the Placement.

-Ends-

Authority and Contact Details

This announcement has been authorised for release by the Disclosure Committee of Melodiol Global Health Limited.

For further information, please contact:

Investor Enquiries

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About Melodiol

Melodiol Global Health Limited (ASX:MEI) 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.