

21 February 2024

Capital Raising & Corporate Update

Highlights:

- Firm commitments received to issue 106,415,113 Shares at an issue price of \$0.01019 per Share to raise \$1.08m (before costs)
- Placement follows ~\$21.5m in unaudited revenue achieved across the Melodiol Group in FY23 – a 141% increase on FY22, in addition to a strong start to Q1 FY24

Melodiol Global Health Limited (ASX:ME1) ('Melodiol' or 'the Company') is pleased to advise it has received firm commitments to raise ~\$1.08m (before costs) through the issue of approximately 106,415,113 new fully paid ordinary shares ('Shares') at an issue price of \$0.01019 per Share (the 'Placement').

Funds from the Placement will be used towards near term growth opportunities across select business units, corporate costs (including the potential restructure or sale of businesses representing less than 10% of overall group revenue in order to accelerate profitability), general working capital and costs of the offer.

Subject to shareholder approval, Placement participants will receive two free attaching Options for every one new Share issued. The Company intends to create a new class of options, exercisable at \$0.015 per Option and a 5 year time to maturity (the "New Options"). The Company will seek to quote the attaching Options, subject to meeting ASX listing requirements. The Company intends that these New Options will be provided to the Placement participants.

At the Company's general meeting on 23 January, the Company received shareholder approval to conduct a Placement of up to \$3m at a 30% discount to the 10-day volume weighted average price ("VWAP") prior to the Placement.

The issue price of the new Shares from the Placement represents a 30% discount to the 10-day VWAP of \$0.014564 and therefore the Placement Shares will be issued based on the prior receipt of shareholder approval.

As previously disclosed to the market, the Company has taken steps to rationalise non-core assets in its portfolio, including the temporary pause of operations at Halucenex, Sierra Sage Herbs, and impACTIVE. Melodiol remains focused on accelerating a cash flow positive state via execution at both Mernova and Health House International, which represented 93% of group revenue (based on Q3 FY23).

In addition to these efforts, the Company continues to entertain possible additional sources of capital in addition to the proposed placement, and possible divestment of non-core and core assets. The Company may also consider steps to convert existing secured debt to equity as part of this process.

Management commentary:

CEO and Managing Director, Mr William Lay said: "I would like to take this opportunity to thank investors for their support of this Placement. This new capital comes at a critical juncture as the Company continues to drive strong operating results at Mernova and HHI. We look forward to providing updates on continued progress at these business units in due course."

Lead Manager:

Oakley Capital Partners Pty Ltd ("Oakley") acted as lead manager to the Placement. Oakley will earn a 6% fee on the gross cash amount raised by Oakley under the Placement. Subject to shareholder approval, this

fee will be paid in shares (based on the placement price) with a one for one attaching New Option. Subject to shareholder approval, Oakley will also receive 25m Broker Shares, and 25m Broker New Options, if feasible. If the issue of these Options is not feasible, the Company has agreed to work with Oakley on a best efforts basis to come to an alternate arrangement. Where shareholder approval is not received, the cash equivalent of fees will be payable.

Other Corporate Updates

Proposed Convertible Note

On 19 February 2024, the Company entered into a non-binding term sheet with 10 Bay Street Pty Limited for an investment of up to \$5m into the Company via a Convertible Note facility ("Facility"). The Facility will be invested in five (5) equal tranches of \$1m. The Facility is subject to entry into a definitive agreement, ASX approval and shareholder approval ("Conditions"). The Company will not proceed with the Facility if the Conditions are not met. The proposed key terms of the Facility are as follows:

Investment Date:

- **Tranche 1:** 30 days from the execution of the Facility.
- **Tranche 2:** 75 days from the execution of the Facility.
- **Tranche 3:** 120 days from the execution of the Facility.
- **Tranche 4:** 165 days from the execution of the Facility.
- **Tranche 5:** 205 days from the execution of the Facility.

Number of Convertible Notes for each Tranche: 1 million.

Face Value: Each Convertible Note will have a face value of \$1.20.

Maturity Date: 18 months from the Investment Date.

Interest: Interest is payable by the Company in cash at 7% of the aggregate face value per annum.

Security: will be secured against 50 million shares in the Company.

Conversion Price: The Notes can be converted at a 20% discount to the 10-day VWAP as at the date of each conversion notice. Each Conversion Share will come with an attaching Conversion Option.

Conversion: At any time before the Maturity Date the noteholder may elect to convert into fully paid ordinary shares in the capital of the Company (**Shares**). The number of Shares are determined by the following formula: *Number of Shares = Face Value / Conversion Price*.

Upon conversion of the Convertible Note the relevant number of Convertible Notes will be redeemed and the Face Value will reduce.

Compulsory Redemption at Maturity Date: On the Maturity Date (to the extent not redeemed), the Company must redeem the outstanding Convertible Notes by paying the outstanding amount to the noteholder in cash.

-Ends-

Authority and Contact Details

This announcement has been authorised for release by the Disclosure Committee of the Company.

For further information, please contact:

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About Melodiol

Melodiol Global Health Limited (ASX:ME1) 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.

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