

9 August 2023

Vanessa Nevjestic  
ASX Limited  
Level 40, Central Park  
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By email: [Vanessa.Nevjestic@asx.com.au](mailto:Vanessa.Nevjestic@asx.com.au) and [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au)

Dear Vanessa,

**Melodiol Global Health Limited – Response to Price Query**

Melodiol Global Health Limited (ASX:ME1) (**Melodiol** or the **Company**) refers to ASX's aware query letter dated 4 August 2023 (the **Query Letter**) and provides the following responses.

Capitalised terms used in these responses have the same meaning given in the Query Letter.

1. **Noting that ME1 lodged the Announcement on the Proposed Transaction as 'market-sensitive', does ME1 consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

No.

2. **If the answer to question 1 is "no", please advise the basis for that view.**

The Announcement was marked 'market-sensitive' because the Announcement also disclosed information, in addition to the Proposed Transaction, announcing the restructure of an existing USD\$2,000,000 loan between La Plata Capital LLC (**La Plata**) and Sierra Sage Herbs, LLC (a fully owned subsidiary of the Company) (**SSH**). The Company and SSH agreed to swap USD\$1,282,500 of the existing USD\$2,000,000 loan for USD\$1,282,500 of Melodiol secured notes (**Restructured Loan**). Further details of the Restructured Loan is set out in the Announcement. Further announcements relating to the Restructured Loan released on 6 March 2023 and 14 June 2023, were marked 'market sensitive' in line with the Company's view that the Restructured Loan is considered information that a reasonable person would expect to have a material effect on the price or value of its securities.

The Company does not consider the Information as 'market-sensitive' or to be information that a reasonable person would expect to have a material effect on the price or value of its securities for the following reasons:

- (a) the Company did not consider the Proposed Transaction to be 'market-sensitive' or to be information that a reasonable person would expect to have a material effect on the price or value of its securities, and as such, considers the same with respect to the Information;
- (b) the Company did not consider the Proposed Transaction to be 'market-sensitive' on the basis that:

- (i) the letter of intent (**LOI**) between the Company and Abby and Finn, LLC (**A&F**) was non-binding;
- (ii) the size of the Proposed Transaction was relatively small compared to the majority of transactions that the Company has undertaken in its history and the impact on the pro forma group was relatively small (evidence of this was provided in prior submissions to the ASX). Including the acquisition of Health House International Limited, the Company, at the time, had a last quarter annualised revenue level of \$32m, and the Proposed Transaction would have added only about 10% to this pro forma, which is significantly less transformational than most prior acquisitions.

For the reasons set out directly above, the Company considers that neither the Proposed Transaction, nor the Information is information which would, or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of an entity's securities, as the entry into a non-binding letter of intent to execute a transaction with a relatively small effect on the pro forma for the group would not reasonably be considered to have a material impact on the inherent value of the securities in the Company, as an impact on inherent value would first require a level of certainty of completion, and then an expected financial impact beyond that which could be expected from a transaction of this size.

**3. When did ME1 first become aware of the Information, or any part thereof?**

On 6 March 2023, the Company announced that it had acquired a US\$500,000 portion of the loan from La Plata to A&F (**A&F Loan**) (which had formed part of the acquisition set out in the original Announcement). On 14 June 2023, the Company announced that it had acquired the remaining US\$900,000 portion of the A&F Loan, being all of A&F's secured debt.

During the period from entry into the LOI until acquisition of the balance of the A&F Loan on 14 June 2023, the Company remained in negotiations with A&F regarding the acquisition of its assets. In finalising negotiations to acquire the balance of A&F's senior secured debt (US\$900,000, as announced on 14 June 2023), the Company determined at completion of that transaction (on 14 June 2023), that any acquisition of the assets of A&F would likely occur via the foreclosure on the debt, rather than an acquisition of the assets, and negotiations ceased at that time.

For the reasons set out in paragraph 2 above, the Information was considered not 'market-sensitive' or information that a reasonable person would expect to have a material effect on the price or value of its securities, and as such, the Company made a determination to announce that the transaction would not proceed on the original basis in its Quarterly Activities Report.

**4. If the answer to question 1 is "yes" and ME1 first became aware of the Information before the Relevant Date, did ME1 make any announcement prior to the Relevant Date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe ME1 was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps ME1 took to ensure that the information was released promptly and without delay.**

Not applicable.

**5. Please confirm that ME1 is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

ME1 confirms that it is complying with the Listing Rules and, in particular, Listing Rule 3.1.

**6. Please confirm that ME1's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ME1 with delegated authority from the board to respond to ASX on disclosure matters.**

ME1 confirms that this response has been authorised and approved by Managing Director and Chief Executive Officer, William Lay.

If you have any queries, please do not hesitate to contact me.

Kind Regards,



Eryn Dawson  
Joint Company Secretary



4 August 2023

Reference: ODIN77093

Ms Eryln Dale  
Company Secretary  
Melodiol Global Health Limited  
Suite 5 CPC  
145 Stirling Highway  
Nedlands, Western Australia 6009

By email: erlyn@azc.com.au

Dear Ms Dale

### Melodiol Global Health Limited ('ME1'): General – Aware Query

ASX refers to the following:

- A. ME1's announcement titled "La Plata Debt Restructure & Abby and Finn LOI" released on the ASX Market Announcements Platform ('**MAP**') at 5:46 pm AEDT on 27 January 2023 (the '**Announcement**'), which disclosed, amongst other things, that ME1 had entered into a Letter of Intent to acquire all the assets (the '**LOI**') of Abby and Finn LLC ('**A&F**'), a leading US based provider of natural products for babies, for an initial enterprise value of US\$1,790,000 (the '**Consideration**') (the '**Proposed Transaction**').

ASX notes that ME1 submitted this announcement as 'market-sensitive' to ASX Online.

- B. ME1's quarterly activities and cash flow reports for the quarter ended 30 June 2023 titled "Quarterly Activities/Appendix 4C Cash Flow Report" released on MAP at 8.09 AM AEST on 31 July 2023 (the '**Relevant Date**') (the '**Quarterly Announcement**'), disclosing, amongst other things, that during the June 2023 quarter, ME1's LOI with A&F had lapsed and that ME1 did not anticipate completing the Proposed Transaction via the Consideration described in the LOI (the '**Information**').
- C. The decrease in the price of ME1's securities from a closing price of A\$0.012 on 28 July 2023 to a closing price of A\$0.010 on 1 August 2023, representing a 16.67% decrease.
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*

- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*

- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed.”*

- G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

*“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*

#### **Request for information**

Having regard to the above, ASX asks ME1 to respond separately to each of the following questions and requests for information:

1. Noting that ME1 lodged the Announcement on the Proposed Transaction as ‘market-sensitive’, does ME1 consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did ME1 first become aware of the Information, or any part thereof?
4. If the answer to question 1 is “yes” and ME1 first became aware of the Information before the Relevant Date, did ME1 make any announcement prior to the Relevant Date which disclosed the Information? If so, please provide details. If not, please explain why this Information was not released to the market at an earlier time, commenting specifically on when you believe ME1 was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps ME1 took to ensure that the Information was released promptly and without delay.
5. Please confirm that ME1 is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that ME1’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ME1 with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Wednesday, 9 August 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ME1’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require ME1 to request a trading halt immediately.

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Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in ME1's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in ME1's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to ME1's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that ME1's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Release of correspondence between ASX and entity**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

### **Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

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**Vanessa Nevjestic**  
Senior Adviser, Listings Compliance (Perth)