

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: **PODA Holdings, Inc.** (the "Issuer").

Trading Symbol: **PODA**

Number of Outstanding Listed Securities: **108,406,723**

Date: **May 2022**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

## Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The Issuer is actively engaged in the global commercialization of heat-not-burn smoking products, which have the potential to reduce the risks associated with combustible smoking products. The Issuer has developed a patented HNB system that uses proprietary, biodegradable, single-use pods, which are both consumer and environmentally friendly. The innovative design of the company's HNB platform prevents cross-contamination between the heating devices and the pods, eliminating all cleaning requirements and providing users with the most convenient and enjoyable potentially reduced-risk smoking experience. The Issuer's HNB system is fully patented in Canada and is patent pending in 65 additional countries, covering over 70 per cent of the global population. The Issuer's Poda pods are the first and only cigarettes to have a completely closed end. This exclusive design entirely eliminates all cleaning requirements and provides a truly ashless HNB cigarette. The Issuer's fully patented system is truly one of a kind and solves the major pain point that all other HNB products suffer from: daily cleaning requirements. The Issuer's flagship Beyond Burn Poda pods contain a unique tobacco-free blend of pelletized tea leaves infused with synthetic nicotine, providing adult smokers with a smoke-free alternative to their regular habit without sacrificing satisfaction. Beyond Burn Poda pods have been expertly crafted to mimic the sensorial experience of traditional cigarettes without the smoke, without the smell and without the tobacco.

The Issuer, together with Ryan Selby and Ryan Karkairan (the "Owners"), entered into a definitive agreement dated May 13, 2022 (the "Asset Purchase Agreement") with a subsidiary of Altria Group, Inc. ("Altria"), Altria Client Services LLC ("ALCS"), pursuant to which the Issuers and the Owners have each agreed to sell to ALCS substantially all of the assets and properties used in the Issuer's business (the "Purchased Assets") of developing, manufacturing and marketing multi-substrate heated capsule technology, including, without limitation, the Owners' patents related to such technology and the Issuer's exclusive, perpetual license of certain of those patents pursuant to an amended and restated royalties agreement dated April 12, 2019 (the "Royalties Agreement"), for a total purchase price of US\$100.5 million ("Purchase Price"), subject to certain adjustments and holdbacks (the "Transaction"). The Issuer carries on its business pursuant to the Royalties Agreement and the Issuer and the Owners have agreed to allocate US\$55,275,000 of the Purchase Price to the Issuer (being 55% of the Purchase Price), with the balance to the Owners.

Pursuant to the Asset Purchase Agreement, as consideration for the Purchased Assets, ALCS has agreed to pay the aggregate sum of US\$100.5 million, as follows:

(a) US\$55,275,000 is to be paid to the Issuer on the closing of the Transaction (the "Closing"); and

(b) Up to US\$45,225,000 is to be paid to, or on account of, the Owners, US\$22,675,000 of which is to be paid to the Owners on Closing (with the remaining US\$22,550,000 subject to escrows and holdbacks).

The Asset Purchase Agreement contains, among other things, customary non-solicitation covenants with respect to alternative transactions. The Asset Purchase Agreement also provides for a termination fee of US\$5,025,000 payable by the Issuer to ALCS if the Asset Purchase Agreement is terminated in certain circumstances.

The Transaction will constitute the sale of all or substantially all of the undertaking of the Issuer pursuant to the *Business Corporations Act* (British Columbia), and accordingly will require approval by not less than 66⅔% of the votes cast at the special meeting of Shareholders of the Issuer called for June 22, 2022 (the "Meeting"), as further described below. In addition to Shareholder approval, the Transaction is subject to receipt of consents and approvals from certain governmental authorities and other parties, as well as other closing conditions customary in transactions of this nature.

Subject to the satisfaction (or waiver) of the conditions precedent, the Closing is presently expected to take place in the second quarter of 2022.

Upon completion of the Transaction, the Issuer will no longer have any material property or assets other than cash-on-hand plus the cash proceeds of the Transaction, which are expected to amount to approximately CDN\$70 million, after satisfying the Issuer's obligations and liabilities.

Following completion of the Transaction, it is anticipated that: (i) Messrs. Selby and Karkairan will resign from the Board within 60 days of the Closing; (ii) Aaron Bowden and Patrick Gray will remain on the Board; (iii) Mr. Bowden and Mr. Gray will appoint a third member to the Board to hold office until the next annual general meeting of Shareholders; and (iv) Mr. Gray will serve as the Chief Executive Officer of the Issuer, and will likely be the only employee of the Issuer until a new Chief Executive Officer is identified.

2. Provide a general overview and discussion of the activities of management.

In addition to the developments outlined in Item 1 above, during the month of May, management focused on corporate and administrative activities.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**Not applicable for the month of May.**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**Not applicable for the month of May.**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**Not applicable for the month of May.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**Not applicable for the month of May.**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**The Issuer, together with Ryan Selby (Director & CEO) and Ryan Karkairan (Director and VP Design) (the "Owners"), entered into a definitive agreement dated May 13, 2022 (the "Asset Purchase Agreement") with a subsidiary of Altria Group, Inc. ("Altria"), Altria Client Services LLC ("ALCS"), pursuant to which the Issuers and the Owners have each agreed to sell to ALCS substantially all of the assets and properties used in the Issuer's business (the "Purchased Assets") of developing, manufacturing and marketing multi-substrate heated capsule technology, including, without limitation, the Owners' patents related to such technology and the Issuer's exclusive, perpetual license of certain of those patents pursuant to an amended and**

restated royalties agreement dated April 12, 2019 (the "Royalties Agreement"), for a total purchase price of US\$100.5 million ("Purchase Price"), subject to certain adjustments and holdbacks (the "Transaction"). The Issuer carries on its business pursuant to the Royalties Agreement and the Issuer and the Owners have agreed to allocate US\$55,275,000 of the Purchase Price to the Issuer (being 55% of the Purchase Price), with the balance to the Owners.

The Board, after receiving the unanimous recommendation of the Special Committee, has unanimously determined that the Transaction is in the best interests of the Issuer and that the consideration to be received by the Issuer pursuant to the Asset Purchase Agreement is fair to the Issuer. Accordingly, the Board approved the Asset Purchase Agreement and recommends that Shareholders vote in favour of the Transaction, with Ryan Selby and Ryan Karkairan declaring their interests and abstaining.

Pursuant to the Asset Purchase Agreement, as consideration for the Purchased Assets, ALCS has agreed to pay the aggregate sum of US\$100.5 million, as follows:

(a) US\$55,275,000 is to be paid to the Issuer on the closing of the Transaction (the "Closing"); and

(b) Up to US\$45,225,000 is to be paid to, or on account of, the Owners, US\$22,675,000 of which is to be paid to the Owners on Closing (with the remaining US\$22,550,000 subject to escrows and holdbacks).

The Asset Purchase Agreement contains, among other things, customary non-solicitation covenants with respect to alternative transactions. The Asset Purchase Agreement also provides for a termination fee of US\$5,025,000 payable by the Issuer to ALCS if the Asset Purchase Agreement is terminated in certain circumstances.

The Transaction will constitute the sale of all or substantially all of the undertaking of the Issuer pursuant to the *Business Corporations Act* (British Columbia), and accordingly will require approval by not less than 66 $\frac{2}{3}$ % of the votes cast at the special meeting of Shareholders of the Issuer called for June 22, 2022 (the "Meeting"), as further described below. In addition to Shareholder approval, the Transaction is subject to receipt of consents and approvals from certain governmental authorities and other parties, as well as other closing conditions customary in transactions of this nature.

Subject to the satisfaction (or waiver) of the conditions precedent, the Closing is presently expected to take place in the second quarter of 2022.

Upon completion of the Transaction, the Issuer will no longer have any material property or assets other than cash-on-hand plus the cash proceeds

of the Transaction, which are expected to amount to approximately CDN\$70 million, after satisfying the Issuer's obligations and liabilities.

Following completion of the Transaction, it is anticipated that: (i) Messrs. Selby and Karkairan will resign from the Board within 60 days of the Closing; (ii) Aaron Bowden and Patrick Gray will remain on the Board; (iii) Mr. Bowden and Mr. Gray will appoint a third member to the Board to hold office until the next annual general meeting of Shareholders; and (iv) Mr. Gray will serve as the Chief Executive Officer of the Issuer, and will likely be the only employee of the Issuer until a new Chief Executive Officer is identified.

8. Describe the acquisition of new customers or loss of customers.

**Not applicable for the month of May.**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**Not applicable for the month of May.**

10. Report on any employee hiring's, terminations or lay-offs with details of anticipated length of lay-offs.

**Not applicable for the month of May.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**Not applicable for the month of May.**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**Not applicable for the month of May.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**Not applicable for the month of May.**

14. Provide details of any securities issued and options or warrants granted.

**On May 4, 2022, 9,493,828 Multiple Voting Shares were automatically converted into 9,493,828 Subordinate Voting Shares of the Issuer.**

**On May 13, 2022, the Issuer issued an aggregate of 15,590,140 Subordinate Voting Shares pursuant to the conversion of Convertible Debentures. Of the 15,590,140 Subordinate Voting Shares issued, 7,000,000 were issued at a conversion price of \$0.025 per share and 8,590,140 were issued at a conversion price of \$0.05 per share.**

**On May 13, 2022, the Issuer issued an aggregate of 18,050,000 Subordinate Voting Shares pursuant to the exercise of warrants at an exercise price of \$0.10 per share for proceeds of \$1,805,000.**

**On May 25, 2022, the Issuer issued an aggregate of 3,975,044 Subordinate Voting Shares pursuant to the exercise of stock options. Of the 3,975,044 shares issued, 300,000 were issued at an exercise price of \$0.10 for proceeds of \$30,000 and 3,675,044 were issued at an exercise price of \$0.16 for proceeds of \$588,077.14.**

**On May 27, 2022, the Issuer issued 75,000 Subordinate Voting Shares pursuant to the exercise of stock options, at an exercise price of \$0.10, for proceeds of \$7,500.**

**The proceeds received from the issuance of shares will be used for general working capital.**

*(1) State aggregate proceeds and intended allocation of proceeds.*

15. Provide details of any loans to or by Related Persons.

**Not applicable for the month of May.**

16. Provide details of any changes in directors, officers or committee members.

**Not applicable for the month of May.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**Not applicable for the month of May.**

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated **June 2, 2022**\_\_\_\_\_.

**Ryan Selby**\_\_\_\_\_

Name of Director or Senior  
Officer

**/s/ "Ryan Selby"**\_\_\_\_\_

Signature

**CEO**\_\_\_\_\_

Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer <b>PODA Holdings, Inc.</b>	For Month End <b>May 2022</b>	Date of Report YY/MM/DD <b>22/06/02</b>
Issuer Address <b>Suite 2800 Park Place, 666 Burrard Street</b>		
City/Province/Postal Code <b>Vancouver BC V6C 2Z7</b>		Issuer Telephone No. <b>(778) 322-7975</b>
Contact Name <b>Ryan Selby</b>	Contact Position <b>CEO</b>	Contact Telephone No. <b>(778) 322-7975</b>
Contact Email Address <b>ryan.s@podalifestyle.com</b>	Web Site Address <b>https://poda-holdings.com</b>	