



## FORM 7

### **DECEMBER MONTHLY PROGRESS REPORT**

**Name of CSE Issuer:** Molecule Holdings Inc. (the “Company”)

**Trading Symbol:** MLCL

**Number of Outstanding Listed Securities:** 95,379,326

**Date:** January 10, 2022

#### **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 Company continued to produce its product lines throughout the month of December, as well as initiating product launches in British Columbia and the Northwest Territories.**

**On December 6, 2021, the Company announced it received a multi-SKU purchase order from the province of British Columbia, including for its Canajo Espresso Spice 10mg Tetrahydrocannabinol (THC) drink described in the Company’s press release dated November 24, 2021. The order was completed and shipped to British Columbia in December.**

**On December 15, 2021, the Company announced it received a new purchase order from the Northwest Territories. The purchase order contained seven Molecule-developed product SKU’s and was completed and prepared to be shipped to the Northwest Territories in early January.**

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

**During the month of December, management engaged in various activities to further the Company’s objectives. Management was particularly focused on developing product lines and managing distribution of its new purchase orders.**

**Please refer to responses to #1, #3, and #5 additional information.**

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.

**During the month of December, the Company initiated product launches in British Columbia and the Northwest Territories through new purchase orders. Please refer to response #1 above for additional information.**



**The Company regularly works on developing new potential products and will provide updates upon any products being approved for sale into new provinces or territories of Canada.**

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.

**There were no products or services which were discontinued during the month.**

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.

**During the month of December, the Company entered into new business relationships with British Columbia and the Northwest Territories via initial purchase orders for the Company's products. Please refer to response #1 above for additional information.**

**The Company also continues to work with current clients and toward acquiring new clients as a co-packer.**

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.

**There were no material contracts or agreements expired or terminated during the month and no other material financing arrangements were cancelled during the month.**

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.

**No acquisitions or dispositions of assets occurred during the month.**

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

**No acquisition of new customers or loss of customers occurred during the month.**

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.

**None noted.**



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

**None noted.**

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

**None noted.**

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.

**None noted.**

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

**No indebtedness was incurred or repaid by the Company during the month of December.**

**The Company is currently working to complete the debt settlement transaction announced in the Company's press release dated November 8, 2021.**

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

**None noted.**

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

**None noted.**

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

Since the emergence in or about December 2019 of a novel strain of coronavirus ("COVID-19"), the highly contagious virus has spread across the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Since that time in response to the outbreak, governmental authorities in Canada and internationally have implemented various measures with the aim of preventing or limiting further spread of COVID-19. These measures, which have included travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, and social distancing, have, among other things, resulted in widespread business, employment and economic disruptions. The global pandemic continues to rapidly evolve and the ultimate impact of the COVID-19 outbreak is highly uncertain.

The continued global spread of COVID-19 could have an adverse impact on the business, operations and financial results of the Company, including with respect to issues related to labour, processing and supply chain. Molecule is implementing or will implement precautionary measures, which would not have otherwise been implemented prior to the



COVID-19 outbreak, at its facility to ensure the safety of its personnel, suppliers and consumers, which may adversely impact Molecule's labour productivity and its supply chains. For example, mandatory or voluntary self-quarantines may limit the staffing of Molecule's facility.

In addition, it's possible that the COVID-19 pandemic may adversely affect Molecule's ability to successfully market and sell its products. Although the opposite may be true, sales volumes of cannabis-infused products may be adversely impacted by consumer "social distancing" behaviours. Continued spread of COVID-19 globally could also lead to a deterioration of general economic conditions including a possible national or global recession. Due to the unpredictability and scale of the effects of COVID-19, Molecule is unable to accurately estimate the impact or level of materiality of COVID-19 on its business, operations or financial results.

An example of the impact of COVID-19 on Molecule's business (and the beverage industry generally) is a shortage of aluminum cans. It's the Company's understanding, and as reported by canning industry experts, that as a result of a change in consumer drinking habits, leading to more beverages being consumed in homes rather than bars and restaurants, there is increased pressure on the aluminum can market.

Molecule will continue to monitor the situation in order to assess the foregoing and any other possible adverse impact on its business, supply chain and customers on an ongoing basis and to determine which measures, if any, will be taken to mitigate such adverse impact.



### 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 CNSX 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 CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: January 10, 2022

“Philip Waddington”  
Philip Waddington  
Chief Operating Officer and Director

<b>Issuer Details</b> Name of Issuer <i>MOLECULE HOLDINGS INC.</i>	For Month <i>December 2021</i>	Date of Report YY/MM/DD <i>22/01/10</i>
Issuer Address <i>591 Reynolds Road</i>		
City/Province/Postal Code <i>Lansdowne, ON, K0E 1L0</i>	Issuer Fax No. <i>N/A</i>	Issuer Telephone No. <i>1 (888) 665-2853</i>
Contact Name <i>David Reingold</i>	Contact Position <i>President, CEO &amp; Director</i>	Contact Telephone No. <i>1 (888) 665-2853</i>
Email: <i>david@molecule.ca</i>	Website: <i>www.molecule.ca</i>	