

**Form 51-102F3  
Material Change Report**

**Item 1: Name and Address of Company**

Molecule Holdings Inc. ("MLCL" or the "Company")  
80 Chemin Ojai,  
Chelsea, QC J9B 1Y7  
Telephone: (888) 665-2853

**Item 2: Date of Material Change**

March 18, 2021

**Item 3: News Release**

The Company issued a news release with respect to the completion of a private placement offering of convertible debenture units (the "Units") on March 19, 2021.

**Item 4: Summary of Material Change**

On March 18, 2021, the Company completed a non-brokered private placement offering (the "Offering") of 1,000 senior secured convertible debenture units (each a "Unit", collectively the "Units") for gross proceeds of \$1,000,000. Each Unit is comprised of \$1,000 in principal amount (the "Principal Amount") of senior secured convertible debenture (each, a "Debenture", collectively the "Debentures") and one share purchase warrant (each a "Warrant", collectively the "Warrants") for each \$0.30 of Principal Amount, each Warrant entitling the holder thereof to acquire one common share of the Company (each a "Warrant Share", collectively the "Warrant Shares") at an exercise price of \$0.23 per Warrant Share (the "Exercise Price") (subject to adjustment) for a period of thirty-six (36) months from the date of closing of the Offering (the "Closing"), expiring on March 18, 2024.

**Item 5: Full Description of Material Change**

On March 18, 2021, the Company completed a non-brokered private placement offering (the "Offering") of 1,000 senior secured convertible debenture units (each a "Unit", collectively the "Units") for gross proceeds of \$1,000,000. Each Unit is comprised of \$1,000 in principal amount (the "Principal Amount") of senior secured convertible debenture (each, a "Debenture", collectively the "Debentures") and one share purchase warrant (each a "Warrant", collectively the "Warrants") for each \$0.30 of Principal Amount, each Warrant entitling the holder thereof to acquire one common share of the Company (each a "Warrant Share", collectively the "Warrant Shares") at an exercise price of \$0.23 per Warrant Share (the "Exercise Price") (subject to adjustment) for a period of thirty-six (36) months from the date of closing of the Offering (the "Closing"), expiring on March 18, 2024.

The Debentures will bear interest at a simple rate of 8.00% per annum, payable quarterly in cash beginning on June 30th, 2021, and maturing eighteen (18) months from the date of issuance, being September 18, 2022 (the "Maturity Date"). The holders of the Debenture are entitled to convert the Principal Amount of the Debentures at any time prior to the Maturity Date into common shares of the Company at a conversion price of \$0.15 (the "Conversion Price"), subject to adjustment. As of the date that is four (4) months and one (1) day following the Closing Date, the Company will have a right to prepay or redeem the Principal Amount, in whole or in part, at par plus accrued and unpaid interest at any time by providing a minimum of 30 days' and a maximum of 60 days' notice.

The net proceeds of the Offering are expected to be used to for general working capital purposes.

The obligations under the Debentures are secured by all of the assets of the Company and its wholly owned subsidiary, Molecule Inc., which has also acted as guarantor (the "Guarantor"), including a pledge of the shares of the Guarantor (collectively, the "Security"). The enforcement of the Security is subject to the terms and conditions of the certificates representing the Debentures (the "Debenture Certificates") and to an Agency and Interlender Agreement entered into among the holders of the Debenture Certificates, the Company, the Guarantor, and an agent.

Subject to the policies of the Canadian Securities Exchange (the "CSE") and approval if required, the Debentures and the Warrants provide for change of control as well as anti-dilution adjustments, including corporate actions of the Company as well as future equity issuances below the Conversion Price or Exercise Price, as applicable.

The Company paid a lending fee in connection with the Offering as well as commission to a finder consisting of cash and 583,333 compensation warrants (the "Compensation Warrants"). Each Compensation Warrant is exercisable into one common share of the Corporation for a period of 36 months at an exercise price of \$0.15.

All securities issued pursuant to the Offering are subject to a statutory hold period of four months and a day following the Closing Date, expiring on July 19, 2021.

**Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7: Omitted Information**

No significant facts remain confidential and no information has been omitted in this report.

**Item 8: Executive Officer**

Philip Waddington, President and CEO  
(888) 665-2853

**Item 9: Date of Report**

March 29, 2021