

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company

Poda Holdings, Inc. (the “Company”)
666 Burrard Street
2800 Park Place
Vancouver, BC, V6C 2Z7

2. Date of Material Change

May 13, 2022

3. News Release

A news release with respect to the material change referred to in this report was disseminated by Cision on May 13, 2022 and filed on the system for electronic document analysis and retrieval (SEDAR).

4. Summary of Material Change

On May 13, 2022, the Company announced that, together with Ryan Selby and Ryan Karkairan (the “Owners”), it has entered into a definitive asset purchase agreement with a subsidiary of Altria Group, Inc. (NYSE:MO), Altria Client Services LLC (“ALCS”), pursuant to which the Company and the Owners have each agreed to sell to ALCS substantially all of the assets and properties used in the Company’s business of developing, manufacturing and marketing multi-substrate heated capsule technology for a total purchase price of US\$100.5 million, of which US\$55.275 million will be paid to the Company.

5. Full Description of Material Change

5.1 Full Description of Material Change

Please see the news release attached as Schedule "A" for a full description of the material change

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

For additional information, please contact Ryan Selby, President and Director of the Company, at (778) 322-7975

9. Date of Report

May 20, 2022

Schedule A



PODA Announces Multiparty Sale of Intellectual Property Assets for US\$100.5 Million

PODA to receive US\$55,275,000 and anticipates making a distribution equal to approximately CDN\$0.40 per subordinate voting share and CDN\$400 per multiple voting share

Vancouver, BC, May 13, 2022 – PODA HOLDINGS, INC. ("PODA" or the "Company") (CSE: PODA, FSE: 99L, OTC: PODAF) is pleased to announce that, together with Ryan Selby and Ryan Karkairan (the "Owners"), it has entered into a definitive agreement (the "Asset Purchase Agreement") with a subsidiary of Altria Group, Inc. ("Altria") (NYSE:MO), Altria Client Services LLC ("ALCS"), pursuant to which the Company and the Owners have each agreed to sell to ALCS substantially all of the assets and properties used in the Company'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 Company'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 Company carries on its business pursuant to the Royalties Agreement and the Company and the Owners have agreed to allocate US\$55,275,000 of the Purchase Price to the Company (being 55% of the Purchase Price), with the balance to the Owners.

"This agreement represents a significant milestone for PODA and its employees," said Ryan Selby, PODA's Chief Executive Officer, Director and Chairman of the Company's board of directors (the "Board"). "Our teams have worked diligently on this technology since the Company's inception, and we believe these agreements maximize its value for the Company and its shareholders."

Transaction Highlights

- **Premium Cash Distribution:** PODA expects to make a cash distribution to holders of PODA's shares (the "Shareholders") equal to approximately CDN\$0.40 per subordinate voting share and CDN\$400 per multiple voting share, representing a 167% premium to the closing share price of PODA as of May 12, 2022.
- **Unanimously Recommended by Independent Directors:** the Transaction has been unanimously recommended by a special committee of the Board, comprised entirely of independent directors (the "Special Committee");
- **Fairness Opinion:** Stifel Nicolaus Canada Inc. ("Stifel") has provided a fairness opinion in connection with the Transaction which provides that, as of the date of such opinion, and subject to the assumptions, limitations, and qualifications on which such opinion is based, the consideration to be received by the Company pursuant to the Asset Purchase Agreement is fair, from a financial point of view, to the Company;
- **Commercialization Capabilities:** the further development and commercialization of the multi-substrate heated capsule technology by the Company is subject to a number of risks (including its ability to secure necessary funding, which could result in dilution to holders of PODA shares) with no certainty of commercialization or market success;

- **No Financing Condition:** the Transaction is not subject to any financing conditions;
- **Future Opportunity to Retain Exposure:** PODA expects to retain approximately CDN\$1 million in cash to explore new business opportunities for the economic benefit of its Shareholders, subject to the terms of the Asset Purchase Agreement;
- **No Holdback:** no portion of the Purchase Price allocated to the Company will be subject to holdbacks or escrow; and
- **Cash Consideration Ratio:** given that the Owners hold legal title to the intellectual property comprising the multi-substrate heated capsule technology, the Special Committee believes that receiving more than half of the Purchase Price reflects excellent value for the Company.

Board and Special Committee Recommendations

The Board, after receiving the unanimous recommendation of the Special Committee, has unanimously determined that the Transaction is in the best interests of the Company and that the consideration to be received by the Company pursuant to the Asset Purchase Agreement is fair to the Company. 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.

Further details regarding the terms of the Asset Purchase Agreement and the Transaction are set out in the Asset Purchase Agreement, which will be filed by PODA under its profile on SEDAR at www.sedar.com.

Terms of the Transaction

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:

- US\$55,275,000 is to be paid to the Company on the closing of the Transaction (the “**Closing**”); and
- 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 Company 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 Company 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 Company 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 Company 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\$69.65 million, after satisfying the Company’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 Company, and will likely be the only employee of the Company until a new Chief Executive Officer is identified.

Shareholder Meeting

Each of the directors and senior officers of the Company, together with certain other Shareholders, holding shares carrying in aggregate approximately 41% (after conversion or exercise of certain convertible securities of the Company held by such Shareholders) of the votes which may be cast at the Meeting, have entered into voting agreements with ALCS pursuant to which they have agreed to cast such votes in favour of the resolution approving the Transaction. Further information regarding the Transaction, including the background thereto and the rationale for the recommendations made by the Special Committee and the Board, will be contained in the management information circular (the "**Circular**") that the Company will prepare, file and mail to the Shareholders in connection with the Meeting and which will be filed under the Company's profile on SEDAR at www.sedar.com. All Shareholders are urged to read the Circular as it contains important information.

Advisors and Counsel

Stifel is acting as financial advisor to PODA, and DLA Piper (Canada) LLP and DLA Piper LLP are acting as PODA's Canadian and United States legal counsel. Farris LLP is acting as the Owner's legal counsel. Blake, Cassels & Graydon LLP is acting as legal counsel to the Special Committee. McGuireWoods LLP and Goodmans LLP are acting as ALCS's United States and Canadian legal counsel.

On Behalf of the Board,
Ryan Selby
CEO, Director, and Chairman of the Board

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ABOUT PODA HOLDINGS

PODA has developed a multi-substrate heated capsule technology that uses proprietary biodegradable single-use capsules, which are both consumer and environmentally friendly. The innovative design of the technology prevents cross-contamination between the heating devices and the capsules which eliminates cleaning requirements and provides users with a convenient and enjoyable experience. PODA's technology is fully patented in Canada and is patent pending in over 60 additional countries, covering almost 70% of the global population.

FORWARD-LOOKING STATEMENTS

This news release contains "forward-looking information" which may include, but is not limited to, information with respect to the activities, events or developments that the Company expects or anticipates will or may occur in the future. Such forward-looking information is often, but not always, identified by the use of words and phrases such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved. Such forward-looking information includes, among other things,

information regarding: the Company's expectations regarding its ability to complete, and the anticipated results of, the Transaction, statements and information concerning the anticipated benefits of the completion of the Transaction, the anticipated timing for completion of the Transaction, the estimated funds that will be available to the Company upon completion of the Transaction, the membership of the Board following the completion of the Transaction, the anticipated distribution of CDN\$0.40 per share, the anticipated amount of the proceeds to be retained by the Company to explore new business opportunities, the Company's ability to identify such opportunities, the Company's ability to obtain shareholder approval, the anticipated timing of the Meeting, and the parties' ability to satisfy closing conditions and receive necessary approvals. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. Although such statements are based on assumptions management considers reasonable, there can be no assurance: (i) that the Transaction will be completed; (ii) if the Transaction is completed, that it will be completed on the terms described above; (iii) that the proposed cash distribution will be made; or (iv) if the proposed cash distribution is made, as to the amount or terms of such distribution. .

Forward-looking information contained in this news release is based on certain factors and assumptions regarding, among other things, the receipt of all necessary governmental and Shareholder approvals and satisfaction of other conditions to the completion of the Transaction and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Forward looking information involves known and unknown risks, uncertainties and other risk factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risks include risks that the Transaction does not close on the anticipated timeline, or at all, risks related to increased competition and current global financial conditions, access and supply risks, reliance on key personnel, operational risks, regulatory risks, financing, capitalization and liquidity risks, and risks relating to the potential failure to receive all requisite shareholder and regulatory approvals. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation, except as otherwise required by law, to update these forward-looking statements if management's beliefs, estimates or opinions, or other factors change.

The Transaction cannot close until the required Shareholder and governmental approvals are obtained. There can be no assurance that the Transaction will be completed as proposed or at all. The Transaction could be modified, restructured or terminated. Investors are cautioned that, except as disclosed in the Circular and in the Asset Purchase Agreement itself, copies of each of which are or will be filed under the Company's profile at www.sedar.com, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.

The Canadian Securities Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release.