

MARTELLO TECHNOLOGIES GROUP INC.

390 March Rd., Suite 110
Ottawa, Ontario
K2K 0G7

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

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

The name of the reporting issuer is Martello Technologies Group Inc. (the “**Issuer**” or “**Martello**”). Its head office is located at 390 March Rd., Suite 110 Ottawa, Ontario K2K 0G7.

Item 2. **Date of Material Change**

The material change occurred on August 8, 2023.

Item 3. **News Release**

The Issuer disseminated a news release via CISION on August 9, 2023 and subsequently filed the news release on SEDAR at www.sedar.com.

Item 4. **Summary of Material Changes**

The issuer announced the repayment of outstanding sums of approximately USD\$3M due to Vistara Technology Growth Fund III Limited Partnership (“Vistara” or the “Lender”) pursuant to a credit agreement entered into on April 27, 2020 for a term credit facility to fund the purchase of GSX (the “Vistara Credit Agreement” and the “Vistara Term Loan”).

Wesley Clover International Corporation (“WCI”), the investment firm controlled by Martello Chairman Terence Matthews has provided an additional USD\$3M in credit to facilitate the repayment of the Vistara Term Loan and extended the maturity date to August 28, 2026.

Item 5. **Full Description of Material Changes**

The amended and restated WCI loan agreement is pursuant to an agreement for a subordinate loan provided by WCI on August 23, 2022 (the “WCI Subordinate Loan”) and amended on August 8, 2023 (the “WCI Loan Amendment”). The aggregate principal owed to WCI (the “WCI Loan”) is now USD\$5.3M. As part of the WCI Loan Amendment, WCI has agreed to extend the WCI Loan under current terms to August 28, 2026.

Vistara Term Loan Repayment

On April 27, 2020, Martello Technologies Corporation (the “Corporation”) agreed to the Vistara Credit Agreement in which Vistara provided the USD \$8.0M Vistara Term Loan. The Vistara Term Loan was used to fund the acquisition of GSX.

The Vistara Term Loan was repayable within 36 months of closing, being May 28, 2023, and on May 26, 2023 the Corporation secured a 120-day extension to these repayment terms, with the outstanding portion of the Vistara Term Loan due on September 28, 2023. The repayment on August 8, 2023 discharges all obligations to Vistara under the terms of the Vistara Credit Agreement.

WCI Loan

On August 23, 2022, Martello and its Chairman Terence Matthews, through WCI agreed to the USD \$1.5M WCI Subordinate Loan, with the loan maturing on May 28, 2023. On May 26, 2023, WCI agreed to extend the WCI Subordinate Loan under the same terms to May 24, 2024, and provide an additional USD \$792,030 under the same terms, for partial repayment of the Vistara Term Loan. On August 8, 2023, pursuant to the WCI Loan Amendment, WCI agreed to provide an additional USD\$3M in credit to discharge the Vistara Term Loan in its entirety, and extend the WCI Loan maturity date to August 28, 2026. Under the terms of the WCI Loan, which are consistent with the previous Vistara Term Loan, interest accrues at US Prime plus 8.75%. Interest accrues during the term of the loan and is to be paid at loan maturity. No equity or warrants were provided in connection with the WCI Subordinate Loan or the WCI Loan Amendment. The company used the WCI Loan to pay down the Vistara Term Loan.

“We are pleased to complete the repayment of the Vistara Term Loan and thank Vistara for their support as we integrated the GSX acquisition and launched Vantage DX to a rapidly growing Microsoft Teams market”, said John Proctor, President and Chief Executive Officer of Martello. “Martello Chairman Terence Matthews has continued to demonstrate confidence in Martello. By providing additional debt financing and extending the maturity date to 2026, he has given us valuable runway to continue to develop the Vantage DX business, which has already experienced double-digit monthly recurring revenue growth rates quarter over quarter in FY23”.

"I am pleased to provide additional debt financing with an extended repayment period to support Martello as the Company works to expand the Vantage DX business, and I thank Vistara for the supportive partnership over the last three years," said Terence Matthews, Chairman of Martello and Wesley Clover International. "Enterprise CIOs are increasingly focused on improving business productivity, customer experience and employee satisfaction, and this has created an opportunity for Vantage DX, which helps them address these priorities with Microsoft Teams performance and user experience monitoring."

The WCI Loan Amendment constitutes a "related party transaction" within the meaning of TSXV Policy 4.1 and Section 5.9 and Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101") because an Insider (and associated entity of an Insider) of the Company, being Wesley Clover, has provided USD \$3M in additional debt financing in connection with the WCI Loan Amendment.

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

Not applicable.

Item 7. **Omitted Information**

Not applicable.

Item 8. **Executive Officers**

For further information, please contact John Proctor, President and Chief Executive Officer of the Issuer, at 613-271-5989.

Item 9. **Date of Report**

Dated this 10th day of August 2023.

Cautionary Note Regarding Forward-Looking Information

This material change report contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods and "includes, but is not limited to, statements with respect to activities, events or developments that the Issuer expects or anticipates will or may occur in the future.

Forward-looking information is neither a statement of historical fact nor assurance of future performance. Instead, forward-looking information is based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking information relates to the future, such statements are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking information. Therefore, you should not rely on any of the forward-looking information. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking information include, among others, the following: continued volatility in the capital or credit markets and the

uncertainty of additional financing; the Issuer's ability to maintain its current credit rating and the impact on funding costs and competitive position; changes in customer demand; disruptions to the Issuer's technology network, including computer systems and software as well as natural events, such as severe weather, fires, floods and earthquakes or man-made or other disruptions of operating systems, structures or equipment; delayed purchase timelines and disruptions to customer budgets as well as Martello's ability to maintain business continuity as a result of COVID-19; and other risks disclosed in the Issuer's filings with Canadian Securities Regulators, including the Issuer's annual information form for the year ended March 31, 2021 dated January 7, 2022, which is available on the Issuer's profile on SEDAR at www.sedar.com.

Any forward-looking information provided by the Issuer in this material change report is based only on information currently available and speaks only as of the date on which it is made. Except as required by applicable securities laws, we undertake no obligation to publicly update any forward-looking information, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise