# FORM 51-102F3

# MATERIAL CHANGE REPORT

## Item 1 Name and Address of Company

Chesswood Group Limited (the "**Company**")
41 Scarsdale Road, Suite 5
Toronto, Ontario M5B 2R2

## Item 2 Date of Material Change

August 14, 2024 and August 16, 2024

## Item 3 News Release

News releases in respect of the material change described herein were disseminated on August 14, 2024 and August 16, 2024 through the newswire services of CISION and were subsequently filed under the Company's profile on SEDAR+.

## Item 4 Summary of Material Change

On August 14, 2024, the Company announced that its principal regulator, the Ontario Securities Commission (the "**OSC**"), had advised that it would not be granting a management cease trade order as previously applied for by the Company under National Policy 12-203 – *Management Cease Trade Orders* ("**NP 12-203**") and that it would be issuing a failure to file cease trade order ("**FFCTO**") against the Company under National Policy 11-207 – *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* ("**NP 11-207**").

On August 16, 2024, the Company announced that the OSC issued an FFCTO against the Company on August 15, 2024 due to the delay in the filing of the Company's interim financial statements, management's discussion and analysis and associated certifications (collectively, the "**Interim Filings**") for the period ended June 30, 2024 (the "**Q2 Interim Filings**"). As a result of the FFCTO, trading in the Company's securities on the Toronto Stock Exchange (the "**TSX**") have been suspended.

## Item 5.1 Full Description of Material Change

On August 14, 2024, the Company announced that the OSC had advised that it would not be granting a management cease trade order as previously applied for by the Company under NP 12-203. The OSC notified the Company that it would be issuing a FFCTO against the Company under NP 11-207 as a result of the Company's expected failure to file its Q2 Interim Filings.

On August 16, 2024, the Company announced that the OSC had issued the FFCTO after the close of markets on August 15, 2024. The FFCTO prohibits the trading by any person of any securities of the Company in Canada, including trades in the Company's common shares made through the TSX, for as long as the FFCTO remains in effect.

Under National Instrument 51-102 – *Continuous Disclosure Obligations*, the Q2 Interim Filings were required to be made no later than August 14, 2024. The Company previously announced on August 7, 2024 that it would be unable to complete the Q2 Interim Filings by the filing due date primarily due to its previously announced determination that it is required to restate and file its Interim Filings for the period ended March 31, 2024 (the "**Q1 Interim Filings**").

The requirement to restate its Q1 Interim Filings is as a result of the Company becoming aware (as previously announced) that, after properly adjusting for system error, it was in breach of certain covenants under its senior revolving credit facility, for which the Company has obtained waivers (the most recent of which is until September 16, 2024). The Company is, as previously announced, also undergoing a review to determine whether a restatement of any of its prior year's reporting is required.

The Company is continuing to work diligently with its auditors to complete the work necessary in order to be in a position to, as soon as possible, finalize and file the restatement of the Q1 Interim Filings (and any other required restatements) and the Q2 Interim Filings to have the FFCTO lifted. The Company will provide updates as further information becomes available and as required.

**Item 5.2 Disclosure For Restructuring Transaction**

Not applicable.

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

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

The following executive officer of Chesswood is knowledgeable about the matters set out in this report:

Tobias Rajchel
President & Chief Executive Officer
Chesswood Group Limited
trajchel@chesswoodgroup.com
416-386-3099

**Item 9 Date of Report**

August 21, 2024