Form 51-102F3

Material Change Report

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

Emerge Commerce Ltd. (the “**Company**”)
355 Adelaide Street West, Suite 400
Toronto, Ontario
M5V 1S2

Item 2. **Date of Material Change**

January 31, 2024

Item 3. **News Release**

News Releases dated January 31, 2024 were disseminated via Canada Newswire.

Item 4. **Summary of Material Change**

The Company announced that further to its press release dated January 24, 2024, it successfully completed the sale of its indirect subsidiary corporation, Retails Store Networks, Inc. (dba "WholesalePet.com") to Tiny Fund I, LP pursuant to a share purchase agreement dated January 23, 2024 between the Buyer, WholesalePet.com and Emerge US Holdings LLC, a subsidiary of the Company, as amended by an amending agreement to the share purchase agreement dated January 31, 2024 between WholesalePet.com, Tiny Fund I, LP, Emerge US Holdings LLC and the Company.

The Company also announced that it entered into a second amended and restated credit agreement with its existing lender, which amended and restated the Company's amended and restated credit agreement dated October 27, 2022, as amended, pursuant to which, *inter alia*, the Company agreed to repay $10,000,000 towards the outstanding balance under the Company's amended and restated credit agreement dated October 27, 2022, as amended.

Item 5.1 **Full Description of Material Change**

Completed Sale of WholesalePet.com for US$9.25M

The Company announced that further to its press release dated January 24, 2024, it successfully completed the sale of its indirect subsidiary corporation, Retails Store Networks, Inc. (dba "WholesalePet.com") ("**WSP**" or "**WholesalePet**") to Tiny Fund I, LP (the **"Buyer**") pursuant to a share purchase agreement (the "**Agreement**") dated January 23, 2024 between the Buyer, WSP and Emerge US Holdings LLC ("**Emerge US**"), a subsidiary of the Company, as amended by an amending agreement to the Agreement (the "**Amending Agreement**") dated January 31, 2024 between WSP, the Buyer, Emerge US and the Company (the "**Transaction**").

Pursuant to the terms of the Agreement and the Amending Agreement, Emerge US transferred all of the issued and outstanding shares in the capital of WSP to the Buyer, a private partnership of Tiny Ltd. ("**Tiny**"), for aggregate gross cash consideration of US$9,250,000, subject to certain closing and post-closing adjustments, payments and obligations.

Following the Transaction, the Company no longer has any deferred payment obligations owed to WSP shareholders and retains 4 brands across 2 main verticals, Grocery and Golf, in Canada and the U.S., namely truLOCAL, Carnivore Club, UnderPar and JustGolfStuff.

The Company expects further HQ cost reductions, given the reduced overheads required to service the go-forward brand portfolio.

INFOR Financial Inc. acted as the exclusive financial advisor to the Company in connection with the Transaction.

$10M Debt Paydown and Amended Credit Facility

The Company announced that it entered into a second amended and restated credit agreement (the "**ARCA**") with its existing lender, which amended and restated the Company's amended and restated credit agreement dated October 27, 2022, as amended (the "**Previous Agreement**"), pursuant to which, *inter alia*, the Company agreed to repay $10,000,000 towards the outstanding balance under the Previous Agreement.

The Amended Facility provides a term of up to 24 months, which is comprised of an initial term of 18-months plus an additional 6-month extension option (the "**Extension**"), which may be exercised upon mutual agreement between the Company and the lender. Inclusive of the Extension, the Amended Facility is expected to mature on January 31, 2026.

In conjunction with the sale of WholesalePet (the "**Transaction**"), the Company paid $10M towards its existing credit facility bringing the principal balance outstanding down to $5.85M from $15.85M prior to the completion of the Transaction, and $25M originally.

The Company's interest expense savings following the repayment is expected to be approximately $1.38M annually.

The interest rate on the principal amount owing under the Amended Facility remains unchanged at the greater of 9% per annum and the TD Prime Rate + 6.55% per annum. The Company's lender has also revised and relaxed certain financial covenants to offer the Company additional flexibility based on its go forward plan.

The Company remains in good standing with existing lender, which it has worked with since November 2019.

Item 5.2 Disclosure for Restructuring Transactions

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

Ghassan Halazon, Chief Executive Officer
Telephone: (416) 479-9590

Item 9. Date of Report

February 2, 2024