

FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

POSaBIT Systems Corporation (the “**Corporation**” or “**POSaBIT**”)
1128 8th St.
Kirkland, WA 98033

2. Date of Material Change

August 22, 2022

3. News Release

On August 23, 2022, a news release in respect of the material change was disseminated through the facilities of Business Wire. A copy of the news release is available under the Corporation’s profile on SEDAR at www.sedar.com.

4. Summary of Material Change

On August 23, 2022, the Corporation announced the effectiveness of a software license agreement (the “**License Agreement**”) pursuant to which POSaBIT has granted a non-exclusive, worldwide license to a large Cannabis technology partner (the “**Licensee**”) to commercialize the Corporation’s point-of-sale technology (the “**Licensed Property**”).

5. Full Description of Material Change

On August 23, 2022, the Corporation announced the effectiveness of the License Agreement pursuant to which POSaBIT has granted a non-exclusive, worldwide license to the Licensee to commercialize the Licensed Property.

Under the terms of the License Agreement, the Licensee has paid to the Corporation a one-time fee of \$500,000 USD. Additionally, in consideration for the license, the Licensee will be required to pay to the Corporation \$20,000,000 USD guaranteed over four years. The fee will be a monthly royalty paid per point-of-sale device deployed by the Licensee or its affiliates during the applicable month, subject to a minimum royalty monthly payment of between \$325,000 USD to \$512,500 USD for the first four years of the term. In accordance with the License Agreement, the Licensee has prepaid the aggregate minimum royalty fees for the first year of the term, which are equal to \$3,900,000 USD.

The Licensee will have the right, exercisable at any time after the third anniversary of the License Agreement, to buy-out its royalty payment obligations by paying the Corporation an amount equal to the greater of (i) \$30,750,000 USD; and (ii) five times the royalty payments payable by the Licensee for the previous twelve calendar months. The Corporation has also granted the Licensee a right of first refusal with respect to any exclusive license or third-party sale of the Licensed Property. The License Agreement may be terminated by the Licensee on 180 days’ notice, provided that notice may not be given within the first four years of the term of the License Agreement.

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

N/A.

7. Omitted Information

No information has been omitted on the basis that it is confidential information.

8. Executive Officer

For further information, please contact Stephen M. Gledhill, Chief Financial Officer of the Corporation, at 416-347-0197.

9. Date of Report

August 31, 2022.