Form 51-102F3
Material Change Report

1. Name and Address of Company

KWESST Micro Systems Inc. (“KWESST” or “Company”)
155 Terence Matthews Crescent, Unit #1
Kanata, ON, K2M 2A8

2. Date of Material Change

September 16, 2021

3. News Release

A news release disclosing the material change was released by KWESST through NewsFile Corp. on September 16, 2021 and a copy was subsequently filed under the Corporation’s profile on SEDAR at www.sedar.com.

4. Summary of Material Change

KWESST announced that it completed a private placement, resulting in the issuance of 750,000 units (“**Units**”) of KWESST, at a price of $2.00 per Unit (the “**Issue Price**”), for aggregate gross proceeds of $1,500,000 (the “**Offering**”).

5. Full Description of Material Change

5.1. Full Description of Material Change

Under the Offering, KWESST sold a total of 750,000 units at a price of $2.00 per Unit. Each Unit is comprised of one common share of the Company (a "**Common Share**") and one Common Share purchase warrant ("**Warrant**"). Each Warrant is exercisable to acquire one Common Share (a "**Warrant Share**") at a price of $2.35 per Warrant Share for a period of 24 months from the closing of the Offering. If at any time after four (4) months and one (1) day following the Closing Date, the trading price of the Shares on the TSX Venture Exchange is equal to or exceeds $4.60 for a period of 3 consecutive trading days, as evidenced by the price at the close of market, KWESST shall be entitled to notify the holders of Warrants of its intention to force the exercise of the Warrants. Upon receipt of such notice, the holders of Warrants shall have 30 days to exercise the Warrants, failing which the Warrants will automatically expire.

In connection with this private placement, KWESST paid cash commissions to Haywood Securities Inc. in the amount of $90,000 and granted 45,000 broker warrants. Each broker warrant is exercisable to acquire one Common Share at a price of $2.00 for a period of 24 months from the closing of the Offering.

All securities issued in connection with the Offering are subject to a statutory hold period in Canada expiring four (4) months and one (1) day from the closing of the Offering. Additionally, all the directors and officers have agreed to enter into a lock-up agreement for this same period, imposing restriction from selling, disposing, transferring, or pledging their current holdings in KWESST. The Offering remains subject to final acceptance of the TSX Venture Exchange.

The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and accordingly, may not be offered or sold within the United States except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This press release does not constitute an offer to sell or a solicitation to buy any securities in any jurisdiction.

5.2. Disclosure for Restructuring Transactions

Not applicable

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable

7. Omitted Information

Not applicable

8. Executive Officer

For further information, please contact Steve Archambault, Chief Financial Officer at (613) 319-0537 extension 116.

9. Date of Report

September 22, 2021