

FORM 51-102F3

MATERIAL CHANGE REPORT

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

Target Capital Inc. ("**Target**" or the "**Company**")  
Suite 4300, 888 -3rd Street SW  
Calgary, Alberta T2P 5C5

2. **Date of Material Change:**

December 20, 2022

3. **News Release:**

Target issued a press release on December 20, 2022, which was disseminated through the newswire services of Cision and subsequently filed on SEDAR.

4. **Summary of Material Change:**

On December 20, 2022, Target announced that, in connection with an outstanding secured debt obligation owed to the Company, it had entered into an agreement (the "**Agreement**"), which provides for: (i) repayment of \$1.85 million; and (ii) incremental recovery of up to \$0.90 million (the "**Incremental Amount**") in excess of the \$1.85 million repayment, from the sale or refinancing of the Company's counterparty borrower, Performance CBD Brands Corp. ("**Performance CBD**").

5. **Full Description of Material Change:**

On December 20, 2022, Target announced that, in connection with an outstanding secured debt obligation owed to the Company, it had entered into the Agreement, which provides for the repayment of \$1.85 million, as follows:

- \$0.30 million cash payment received concurrently with signing the Agreement ("**Cash Payment**");
- The sale of assets procured by the Company that have an estimated fair market value ("**EFMV**") in excess of \$1.00 million ("**Procured Assets**"), provided that there is no guarantee the EFMV will be realized through the sale of the Procured Assets;
- Additional payments, as required, to reach an aggregate repayment amount of \$1.45 million, inclusive of the Cash Payment and the proceeds from the sale of Procured Assets, on or before June 30, 2023; and
- \$0.40 million of additional secured asset collateral that will mature no later than December 31, 2023.

The Agreement also provides for the incremental recovery of up to the full Incremental Amount, which is in excess of the \$1.85 million, from the sale or refinancing of the Company's counterparty borrower, Performance CBD.

5.2 **Disclosure of Restructuring Transactions:**

Not applicable.

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

Not applicable.

7. **Omitted Information:**

Not applicable.

8. **Executive Officer:**

For further information, please contact:

Theo Zunich  
Interim President and Chief Executive Officer  
Telephone: (403) 351-1779

9. **Date of Report:**

March 2, 2023

**Forward-Looking and Cautionary Statements**

*This material change report contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this material change report contains forward-looking statements and information pertaining to the Agreement, including the amount and timing of recovery under the Agreement and legal and monetization costs associated with such recovery. The Company cautions that there are no assurances or guarantees that the anticipated recovery pursuant to the Agreement will be realized (including in respect of any of the Incremental Amount).*

*The forward-looking statements are founded on the basis of expectations and assumptions made by the Company. Forward-looking statements are subject to a wide range of risks and uncertainties, and although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. The Company cautions that current global uncertainty with respect to the continued impact of the COVID-19 virus and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company remains unknown, rapid spread of the COVID-19 virus may have a material adverse effect on global economic activity, and can result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company.*

*Except as required by applicable laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements.*

**All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.**