

**ASSET PURCHASE AGREEMENT**

**DATED AUGUST 8, 2022**

**BETWEEN**

**AURORA SYSTEMS CONSULTING, INC.**

**AND**

**PLURILOCK SECURITY INC.**

**AND**

**ATRION COMMUNICATIONS RESOURCES, INC.**

**AND**

**THE VENDOR IDENTIFIED HEREIN**

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# ASSET PURCHASE AGREEMENT

THIS AGREEMENT is dated August 8, 2022,

**BETWEEN:**

**ATRION COMMUNICATIONS RESOURCES, INC.**, a corporation existing under the laws the State of New Jersey

(the “**Company**”)

**AND:**

[REDACTED]

Redacted for confidentiality reasons

(the “**Vendor**” and with the Company, the “**Vendor Group**”)

**AND:**

**PLURILOCK SECURITY INC.**, a corporation existing under the laws of the Province of British Columbia

(“**Plurilock**”)

**AND:**

**AURORA SYSTEMS CONSULTING, INC.**, a corporation existing under the laws of the State of California

(the “**Buyer**” and together with Plurilock, the “**Buyer Group**”)

**CONTEXT:**

- A. The Company wishes to sell, and the Buyer wishes to purchase, substantially all of the Company’s assets that are used in connection with the Business (defined herein).
- B. The Buyer is a wholly-owned subsidiary of Plurilock Security Corp., a Delaware corporation (“**PSC**”), which is a wholly-owned subsidiary of Plurilock.
- C. As an inducement for Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, the Company and certain of its directors, officers and shareholders will enter into and agree to be bound by Non-Competition and Non-Solicitation Agreements in favour of the Buyer.

**THEREFORE**, the Parties agree as follows:

## ARTICLE 1 INTERPRETATION

### Section 1.1 Definitions

In this Agreement the following terms have the following meanings:

- (1) “**Accounts Receivable**” has the meaning ascribed to it in Section 1.1(95)(a).
- (2) “**affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Person, where “**control**” means the possession, directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by Contract or otherwise.
- (3) “**Agreement**” means this asset purchase agreement, including all Schedules and Exhibits, as it may be confirmed, amended, supplemented or restated by written agreement between the Parties.
- (4) “**APIs**” has the meaning ascribed to it in Section 4.25(4).
- (5) “**Applicable Securities Laws**” means, collectively, the *Securities Act* (British Columbia) and the rules, regulations, forms, blanket rulings and orders issued thereunder, together with applicable rules, published policy statements, instruments, notices and orders of the TSXV (herein defined).
- (6) “**Assumed Liabilities**” all trade and other accounts payable, notes payable, loans payable and other indebtedness and obligations to make payments related to the Business at the Closing Time (excluding, for greater certainty, any Pre-Closing Taxes or any liabilities specifically identified as Excluded Liabilities in Section 2.4) to the extent that such liabilities: (i) were incurred in the Ordinary Course of Business; (ii) would be required by GAAP to be reflected on a balance sheet of the Business as current liabilities; and (iii) are reflected on the draft Closing Balance Statements:
  - (a) all liabilities of the Company accruing on or after the Closing Time under the Purchased Contracts;
  - (b) all liabilities of the Company in respect of accrued expenses reflected or reserved against in the Estimated Statements; and
  - (c) all liabilities of the Company in respect of the Transferred Employees to the extent that such liabilities are based on facts, circumstances or events that arise after the Closing Time.
- (7) “**Auditor GM Review**” means the “specific procedure” revenue, cost of goods sold and gross margin review based on IFRS by the Buyer’s external independent auditor for the fiscal year ended March 31, 2022, to be completed before the Closing Date.

- (8) “**Books and Records**” has the meaning ascribed to it in Section 1.1(95)(c).
- (9) “**Business**” means the security and cybersecurity business of providing hardware and software procurement services, professional services and solutions integrations, managed services, and cybersecurity consulting.
- (10) “**Business Intellectual Property**” means all Intellectual Property used or held for use by the Company in connection with the operation of its business as presently conducted, including all such Intellectual Property owned by the Company and all such Intellectual Property owned by another Person.
- (11) “**Business Day**” means a day on which banks are open for business in Branchburg, New Jersey, Vancouver, British Columbia and Torrance, California, but does not include a Saturday, Sunday and any other day which is a legal holiday in either such city.
- (12) “**Buyer**” has the meaning ascribed to it in the recital above.
- (13) “**Buyer Group**” has the meaning ascribed to it in the recital above.
- (14) “**Buyer Indemnified Parties**” means the Buyer, Plurilock and its affiliates, and their respective directors, officers, and employees and the respective Successors of each of them.
- (15) “**Claim**” means any claim, demand, action, cause of action, suit, arbitration, investigation, proceeding, complaint, grievance, charge, prosecution, assessment or reassessment, including any appeal or application for review.
- (16) “**Closing**” means the completion of the sale to, and purchase by, the Buyer of the Purchased Assets under this Agreement.
- (17) “**Closing Balance Sheet**” means the unaudited GAAP balance sheet of the Company showing the Current Assets and the Current Liabilities, which itemizes the balance of each component of Current Assets and Current Liabilities, as estimated at the Closing Date and then as finally settled pursuant to Section 3.3.
- (18) “**Closing Consideration Shares**” has the meaning ascribed to it in Section 3.1(1)(b).
- (19) “**Consideration Share Price**” has the meaning ascribed to it in Section 3.1(1)(b).
- (20) “**Closing Date**” means August 25, 2022, or any other date that the Parties may agree is the date upon which the Closing will take place.
- (21) “**Closing Payment**” has the meaning ascribed to it in Section 3.1(1)(a).
- (22) “**Closing Time**” means 11:59 pm (Vancouver time) on the Closing Date or any other time on the Closing Date as may be agreed by the Parties.
- (23) “**Communication**” means any notice, demand, request, consent, approval or other communication that is required or permitted by this Agreement to be given or made by a Party.

- (24) “**Company**” has the meaning ascribed to it in the recital above.
- (25) “**Computer Databases**” means all electronic records, data and collections of the foregoing that can be accessed or read by a computer.
- (26) “**Computer Software**” means all types of computer software programs including operating systems, application programs, software tools, firmware and software imbedded in equipment, including both object code and source code versions thereof and all written or electronic materials that explain the structure or use of software or that were used in the development of software, including logic diagrams, flow charts, code notes, procedural diagrams, error reports, manuals and training materials.
- (27) “**Consideration Shares**” has the meaning ascribed to it in Section 3.1(1)(d).
- (28) “**Contract**” means any agreement, understanding, undertaking, commitment, licence or lease, whether written or oral to which the Company is a party, under which any of the Purchased Assets may be affected, under which the Company has or may acquire any right or interest, or that is related to the Purchased Assets or the operation of the Business including, but not limited to Inventory purchase orders and customer purchase orders made subsequent to the Effective Date related to the Purchased Assets or the operation of the Business.
- (29) “**Current Assets**” means the items of the Seller that are identified as current assets in the Estimated Statement, including cash and cash equivalents, prepaid expenses and Account Receivable, but excluding deferred Tax assets, as of the applicable date.
- (30) “**Current Liabilities**” means the items of the Seller that are identified as current liabilities in the Estimated Statement, including account payable and customer deposits (excluding any pension accrual or payables relating to the Company’s ACR 401(k) Plan) as of the applicable date.
- (31) “**Damages**” means, whether or not involving a third party claim, any and all loss, liability, cost, claim, interest, fine, penalty, assessment, damages available at law or in equity, expense, including the costs and expenses of any action, application, claim, complaint, suit, proceeding, demand, assessment, judgment, settlement or compromise relating thereto (including the reasonable costs, fees and expenses of legal counsel on a full indemnity basis without reduction for tariff rates or similar reductions and all reasonable costs of investigation), or diminution in value.
- (32) “**Deferred Consideration Shares**” has the meaning ascribed to it in Section 3.1(1)(d).
- (33) “**Disclosure Letter**” means the disclosure letter delivered by the Company to the Buyer together with this Agreement and which forms an integral part of this Agreement.
- (34) “**Earnouts**” has the meaning ascribed to it in Section 3.1(1)(e).
- (35) “**Earnout Dates**” has the meaning ascribed to it in Section 3.1(1)(e).
- (36) “**Effective Date**” means the date of this Agreement.

(37) “**Employees**” means all personnel and independent contractors employed, engaged or retained by the Company in connection with the Business, including any that are on medical or long-term disability leave, or other statutory or authorized leave of absence.

(38) “**Employment Agreements**” means the Employment Agreements by and between the Buyer and the Transferred Employees to be entered into on or before Closing on terms set out in Schedule 1.1(38).

(39) “**Encumbrance**” means any security interest, mortgage, charge, pledge, hypothec, lien, restriction, option, adverse claim, royalty obligation or other encumbrance of any kind.

(40) “**Environmental Law**” means any Law, Contract with any Governmental Authority, or other statutory requirement relating to public health and safety, occupational health and safety, the protection of the environment or the manufacture, generation, processing, distribution, use, treatment, storage, disposal, release, transport, handling or remediation of hazardous substances, and all authorizations and permits issued pursuant to such Law, Contracts or statutory requirements, or principles of common law or equity, and whether any of the foregoing comes into force before or after the date of this Agreement.

(41) “**Escrow Agent**” means Odyssey Trust Company.

(42) “**Escrow Agreement**” means the escrow agreement to be entered into between Plurilock, the Buyer, the Company, and the Escrow Agent effective upon the delivery of the Holdback Amount to the Escrow Agent in accordance with Section 3.1(2).

(43) “**Estimated Statement**” has the meaning ascribed to it in Section 3.2.

(44) “**Excluded Assets**” has the meaning ascribed to it in Section 2.3.

(45) “**Excluded Liabilities**” has the meaning ascribed to it in Section 2.4.

(46) “**Fundamental Representations and Warranties**” means the representations and warranties in Sections 4.1 - 4.6, 4.10, Section 4.12, 4.14, 4.19, 4.26 and Section 4.39.

(47) “**GAAP**” means generally accepted accounting principles.

(48) “**Governmental Authority**” means:

- (a) any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and
- (b) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

(49) **“Government Contract”** means (a) any Contract bid on, solicited, or entered into by or on behalf of the Company with a Governmental Authority, or (b) any Contract or subcontract bid on, solicited, or entered into by or on behalf of the Company, which, by its terms, relates to a Contract to which a Governmental Authority is a party.

(50) **“Harmful Code”** means any mechanism, device or computer code designed or intended to have, or intended to be capable of performing, any of the following functions: (a) disrupting, disabling, harming, interfering or otherwise impeding in any manner the operation of, or providing unauthorized access to, computer hardware, a computer system or network or other device on which such mechanism, device or computer code is stored or installed; or (b) collecting, damaging or destroying any information, data or file, in each case, without the user’s consent.

(51) **“Holdback Amount”** means \$300,000.

(52) **“Holdback Release Date”** means the date that is eighteen (18) months following the Closing Date.

(53) **“IFRS”** means the International Financial Reporting Standards.

(54) **“Indebtedness”** of a Person means, without duplication: (a) all debts and liabilities of that Person for borrowed money; (b) all capital leases of that Person; (c) all debts and liabilities of that Person representing the deferred acquisition cost of property and services; (d) all guarantees given by that Person; and (e) any deferred revenue.

(55) **“Indemnified Party”** means a Buyer Indemnified Party or a Vendor Indemnified Party.

(56) **“Indemnifying Party”** means the Party providing indemnification under any provision of Article 9.

(57) **“Indemnity Claim”** has the meaning ascribed to it in Section 9.7.

(58) **“Indemnity Notice”** has the meaning ascribed to it in Section 9.7.

(59) **“Intellectual Property”** means:

- (a) all patents, patent rights, patent applications, reissues, continuations, continuations-in-part, re-examinations, divisional applications and analogous rights to them, and inventions and discoveries owned or used by the Company in the Business;
- (b) all trademarks, trademark applications and registrations, signs, trade dress, service marks, logos, slogans, brand names and other identifiers of source owned or used by the Company in the Business;
- (c) all copyrights and copyright applications and registrations owned or used by the Company in the Business;

- (d) all industrial designs and applications for registration of industrial designs and industrial design rights, design patents and industrial design registrations owned or used by the Company in the Business;
  - (e) all trade names, trade name registrations, business names, corporate names, telephone numbers, domain names, domain name registrations, website names and worldwide web addresses, social media accounts and social media handles and other communication addresses owned or used by the Company in the Business;
  - (f) all computer systems and applications software, including all documentation relating to them and the latest revisions of all related object and source codes for them to the extent in the possession and control of the Company, owned or used by the Company in the Business;
  - (g) all rights and interests in and to processes, journals, notebooks, data, databases, confidential information, trade secrets, designs, know-how, technical information, product formulae and information, manufacturing, engineering and other technical drawings and manuals, technology, blue prints, research and development reports, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information owned or used by the Company in the Business;
  - (h) all integrated circuit topographies, integrated circuit topography applications and registrations, mask works, mask work applications and registrations and analogous rights to them owned or used by the Company in the Business;
  - (i) all other intellectual property rights used by the Company in carrying on, or arising from the operation of, the Business, and foreign equivalents or counterpart rights, in any jurisdiction throughout the world;
  - (j) all licenses granted by the Company of the intellectual property described in paragraphs (a) to (i) above;
- (60) **“Intellectual Property Rights”** means all rights in Intellectual Property, including all rights to enforce rights and obtain remedies, including compensation for violation of any Intellectual Property against third parties.
- (61) **“Inventories”** has the meaning ascribed to it in Section 1.1(95)(h).
- (62) **“IRS”** means the U.S. Internal Revenue Service.
- (63) **“IT Systems”** has the meaning specified in Section 4.25. **Redacted for confidentiality reasons**
- (64) **“Knowledge of the Company”** means the knowledge that [REDACTED] and [REDACTED] either has, or would have obtained, after having made or caused to be made all reasonable inquiries necessary to obtain informed knowledge, including inquiries of the records of the Company and of management Employees who are reasonably likely to have knowledge of the relevant matter.

(65) “**Law**” or “**Laws**” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, Orders, decisions, rulings or awards, including general principles of common and civil law, and the terms and conditions of any grant of approval, permission, authority or licence of any Governmental Authority.

(66) “**Leased Premises**” means the premises leased by the Company located at 185 Industrial Parkway, Branchburg, New Jersey 08876.

(67) “**Letter of Intent**” means the letter of intent dated April 4, 2022 entered into between the Parties, as amended, in respect of the subject matter of this Agreement.

(68) “**Liability**” or “**Liabilities**” means and includes all debts, liabilities, commitments, losses, deficiencies, duties, charges, claims, damages, demands, costs, fees, expenses and obligations (including guarantees, endorsements and other forms of credit support) (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, on- or off-balance sheet and whether due or to become due).

(69) “**License**” means any license, permit, authorization, approval or other evidence of authority issued or granted to, conferred upon, or otherwise created for the Company by any Governmental Authority.

(70) “**Licensed Database**” means any Computer Database owned by another Person and licensed to or otherwise used by the Company in connection with the Business.

(71) “**Licensed Software**” means any Computer Software owned by another Person and licensed to or otherwise used by the Company in connection with the Business, except for Off-the-Shelf Software.

(72) “**Loss**” means any loss, liability, damage, cost, expense, charge, fine, penalty or assessment, including:

- (a) the costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise;
- (b) all interest, fines and penalties; and
- (c) all professional fees and disbursements on a 100%, complete indemnity basis, and including loss of value and the monetary value of lost opportunity.

(73) “**Material Adverse Effect**” means any effect, event, change, occurrence or state of facts that, individually or in the aggregate with other effects, events, changes, occurrences or states of facts, is, or would reasonably be expected to be, material and adverse to:

- (a) the business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (contingent or otherwise), operations, prospects or results of operations of the Company; or

- (b) the ability of the Buyer to operate the Business immediately after the Closing in the manner in which the Business is operated on the date of this Agreement,

other than:

- (c) any reduction of 50% or less of the gross sales in connection with the Business; and
- (d) any effect, event, change, occurrence or state of facts resulting from or arising in connection with:
  - (i) any change affecting the industries of the Business generally;
  - (ii) any change in generally accepted accounting principles, Taxes or Laws, or in their interpretation, application or non-application by any Governmental Authority;
  - (iii) any change in general economic conditions;
  - (iv) any change in financial or securities markets in general;
  - (v) any natural disaster or calamity;
  - (vi) any pandemic, epidemic or similar health emergency, or announcement regarding the same; or
  - (vii) war, armed hostilities or acts of terrorism.

(74) **“Non-Assigned Contracts”** all Contracts to which the Company is a party that do not form part of the Purchased Assets listed in Section 1.1(74) of the Disclosure Letter.

(75) **“Off-the-Shelf Software”** means commercially available off-the-shelf Computer Software where the aggregate payments under the applicable license agreement are less than \$10,000 per year.

(76) **“Offered Employees”** means the employees set out in Section 1.1(76) of the Disclosure Letter.

(77) **“Online Account”** means any manner of online account, registration or identification credentials, including domain registry accounts, social media accounts, online handles, usernames and profiles, used in association with an online device or online service (including mobile devices, smart appliances, online registries, internet-based applications or cloud services) that enable a Person to administer data or registration information, create and share content, or participate in an online or registered service.

(78) **“Online Presence”** means any interconnected, online or virtual presence for the Business, the Company, including all Online Accounts (and data associated with such Online Accounts) through which the public, customers or others access the Business, as well as all websites, content, messages, materials, data, analytics, advertisements and copy hosted in connection with: (a) any

domain names, URLs and other online locators; (b) social media, content sharing or external media presence (including Facebook, Instagram, Twitter, LinkedIn, SnapChat, and YouTube); (c) app store or online marketplace presence (including Apple Store, Google Play, Windows Store, and Amazon App Store); and (d) direct communication presence (including email, instant communication or direct messaging).

(79) **“Open Source Software”** means software that is subject to or licensed, provided or distributed under any open source license.

(80) **“Order”** means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

(81) **“Ordinary Course of Business”** means the ordinary and usual course of the routine daily affairs of the Business, consistent with past practice.

(82) **“Owned Lands”** has the meaning ascribed to it in Section 4.30.

(83) **“Parties”** means the Company, Vendor, Plurilock and the Buyer, collectively, and **“Party”** means any one of them.

(84) **“Permits”** has the meaning ascribed to it in Section 1.1(95)(f).

(85) **“Person”** will be broadly interpreted and includes:

- (a) a natural person, whether acting in their own capacity, or in their capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;
- (b) a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and
- (c) a Governmental Authority.

(86) **“Personal Information”** means information about an individual who can be identified by the Person who holds that information.

(87) **“Plans”** means all plans that provide pension benefits for the benefit of Employees or former Employees, and their respective beneficiaries, and all Employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, compensation, retirement, salary continuation, stock option, stock purchase, stock appreciation, health, welfare, medical, dental, accident, disability, life insurance and other plans, arrangements, agreements, programs, policies, practices or undertakings, whether oral or written, funded or unfunded, registered or unregistered, insured or self-insured:

- (a) that are sponsored or maintained or funded, in whole or in part, by the Company, or to which the Company contributes or is obligated to contribute for the benefit of Employees or former Employees, and their respective beneficiaries; or
- (b) under which the Company has any liability or contingent liability.

(88) “**Plurilock Shares**” means the common shares in the capital of Plurilock that were contributed by Plurilock to PSC, and then immediately contributed by PSC to Buyer to immediately be used as the Closing Consideration Shares or the Deferred Consideration Shares, as the case may be.

(89) “**Post-Closing Tax Period**” means any taxable period (or portion thereof) beginning after the Closing Date and, with respect to a Straddle Tax Period, the portion of such period beginning the day after the Closing Date.

(90) “**Proprietary Database**” means any Computer Database owned by the Company and used in connection with the operation of the Business.

(91) “**Proprietary Software**” means any Computer Software owned by the Company and used in connection with the operation of the Business.

(92) “**Purchase**” means the purchase and sale of the Purchased Assets and Assumed Liabilities contemplated by this Agreement.

(93) “**Purchase Price Allocation Statement**” has the meaning ascribed to it in Section 3.5.

(94) “**Purchase Price**” has the meaning ascribed to it in Section 3.1(1).

(95) “**Purchased Assets**” being all of the Company’s rights, assets, privileges, benefits and property, of any kind and wherever situated, that relate to, or are used or held for use in, the Business since the Effective Date including:

- (a) all accounts receivable and other amounts due or accruing due to the Company in connection with the Business (the “**Accounts Receivable**”) and the full benefit of all security for the Accounts Receivable;
- (b) all Current Assets;
- (c) all books (other than minute books), ledgers, files, lists, reports, logs, deeds, surveys, correspondence, operating records, marketing plans, Tax returns and other data and information, including all data and information stored on computer-related or other electronic media maintained in connection with the Business (the “**Books and Records**”);
- (d) the goodwill of the Business, including all right, title and interest of the Company in, to and in respect of all elements that contribute to the goodwill of the Business, and including the goodwill represented by packaging, labelling, advertising,

marketing and promotional materials, customer lists set out in Section 4.31(1) of the Disclosure Letter;

- (e) the Business Intellectual Property;
- (f) all authorizations, registrations, permits, certificates of approval, approvals, grants, licences, quotas, consents, commitments, rights or privileges (other than those relating to the Intellectual Property) issued or granted by any Governmental Authority to the Company in connection with the Business (the “**Permits**”);
- (g) all Contracts to which the Company is a party including, but not limited to, those Contracts listed in Section 4.8(1) of the Disclosure Letter (the “**Purchased Contracts**”);
- (h) all inventories of every kind owned by the Company and pertaining to the Business including raw materials, packaging materials, work-in-progress and finished goods (the “**Inventories**”) as set out in Section 1.1(95)(h) of the Disclosure Letter; and
- (i) all office equipment and computer equipment of, and used by, the Transferred Employees, all furniture and fixture, all vehicles, except for the 2017 Acura TLX, all leasehold improvements and service equipment (the “**Purchased Equipment**”) as set out in Section 1.1(95)(i) of the Disclosure Letter that is owned by the Company.

(96) “**Purchased Contracts**” has the meaning ascribed to it in Section 1.1(95)(g).

(97) “**Purchased Equipment**” has the meaning ascribed to it in Section 1.1(95)(i).

(98) “**Pre-Closing Tax Period**” means any taxable period (or portion thereof) ending on or before the Closing Date and, with respect to a Straddle Tax Period, the portion of such period ending on and including the Closing Date.

(99) “**Registered Intellectual Property**” means all Intellectual Property that is registered or the subject of an application for registration or registration procedures by or on behalf of the Company with any Governmental Authority or other Person, including all (a) patents, (b) trademarks, (c) copyrights, (d) industrial designs, and (e) Online Presence (including domains and social media).

(100) “**Successors**” means, as applicable, the heirs, executors, administrators, estate trustees, trustees, personal or legal representatives, successors and permitted assigns of a Person.

(101) “**Straddle Tax Period**” means any taxable period beginning on or before the Closing Date and ending after the Closing Date.

(102) “**Target Working Capital**” means \$ [REDACTED]. **Redacted for competitive reasons**

(103) “**Tax**” means (a) any federal, state, local, foreign, non-U.S. or other tax, charge, fee, duty (including customs duty), levy or assessment in the nature of a tax, including any income, gross receipts, net proceeds, alternative or add-on minimum, corporation, ad valorem, escheat,

unclaimed property, turnover, real property, personal property (tangible or intangible), sales, use, franchise, excise, value added, stamp, leasing, lease, user, transfer, fuel, excess profits, profits, occupational, premium, interest equalization, windfall profits, severance, license, registration, payroll, environmental (including taxes under Section 59A of the Code), capital stock, capital duty, disability, estimated, gains, wealth, welfare, employee's income withholding, other withholding, unemployment or social security or other tax of whatever kind (including any assessment or other charges in the nature of or in lieu of any tax) that is imposed by any Governmental Authority, and (b) any interest, fines, penalties or additions resulting from, attributable to, or incurred in connection with any items described in this definition of Tax or any related contest or dispute, whether or not disputed.

(104) **“Tax Act”** means the Internal Revenue Code of 1986, as amended.

(105) **“Tax Return”** means any report, return, filing, declaration, claim for refund, or information return, extension, or statement related to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

(106) **“Top Clients”** has the meaning ascribed to it in Section 4.31(1).

(107) **“Transfer Taxes”** means all Taxes levied on or measured by, or referred to as, value-added, sales, provincial sales, consumption, use, transfer, land transfer, real property transfer, registration charges, gross receipt, turnover, excise or stamp taxes.

(108) **“Transferred Employees”** means those Employees who accept the offer of employment or engagement made by Plurilock or the Buyer effective on or before the Closing Date.

(109) **“Treasury Regulations”** means final or temporary regulations promulgated under the Tax Act.

(110) **“TSXV”** means the TSX Venture Exchange.

(111) **“Vendor”** has the meaning ascribed to it in the recital above.

(112) **“Vendor Group”** has the meaning ascribed to it in the recital above.

(113) **“Vendor Indemnified Parties”** means the Company and its directors, officers and employees, and the respective Successors of each of them.

## **Section 1.2 Additional Rules of Interpretation**

(1) **Gender and Number.** In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.

(2) **Headings and Table of Contents.** The inclusion in this Agreement of headings of Articles and Sections and the provision of a table of contents are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.

(3) **Section and Schedule References.** Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections or Schedules of this Agreement.

(4) **Words of Inclusion.** Wherever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” and the words following “include”, “includes” or “including” shall not be considered to set out an exhaustive list.

(5) **Statute References.** Unless otherwise indicated, all references in this Agreement to any statute include the regulations under that statute, in each case as amended, re-enacted, consolidated or replaced from time to time, and in the case of any such amendment, re-enactment, consolidation or replacement, reference in this Agreement to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and to also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith and which are legally binding.

(6) **Writing.** References to “in writing”, “written” and similar expressions include material that is printed, handwritten, typewritten, faxed, emailed, or otherwise capable of being visually reproduced at the point of reception.

(7) **Currency.** All references to dollar amounts in this Agreement are to United States dollars, unless otherwise indicated.

### **Section 1.3 Schedules and Exhibits**

The Schedules and Exhibits form an integral part of this Agreement. The following is a list of the Schedules and Exhibits:

<b>Exhibit/Schedule</b>	<b>Subject Matter</b>
Schedule 1.1(38)	Terms of Employment
Schedule 3.2	Estimated Statement
Schedule 3.5	Purchase Price Allocation Methodology
7.1(8)(e)	Assignment of Intellectual Property Agreement
7.1(7)(f)	General Assignment and Bill and Sale
7.1(8)(i)	Form of Non-Competition, Non-Solicitation Agreement

## **ARTICLE 2 PURCHASE AND SALE**

### **Section 2.1 Agreement of Purchase and Sale**

Subject to the terms and conditions of this Agreement, at the Closing the Company will sell and the Buyer will purchase, as a going concern and free and clear of all Encumbrances, the Purchased Assets.

## **Section 2.2 Assumed Liabilities**

On the terms and subject to the conditions contained in this Agreement, the Purchaser shall at the Closing Time, assume and agree to pay, perform and discharge when due the Assumed Liabilities.

## **Section 2.3 Excluded Assets**

Other than the Purchased Assets contemplated by this Agreement, all of the Company's right, title, and interest of every kind and nature in and to all of the assets owned by the Company that are used in, beneficial to, incidental to, resulting from, related to or otherwise associated with the Company's business, whether tangible, intangible, personal or real and wherever located and by whomever possessed, including the Company's ACR 401(k) Plan, the benefit of all insurance policies related to the Business, all of the Company's corporate charters, minutes and share record books and corporate seals of the Company, shall remain the Company's property (the "**Excluded Assets**").

## **Section 2.4 Excluded Liabilities**

Notwithstanding any other provision in this Agreement to the contrary, the Buyer will not be responsible to pay, perform or discharge any Liabilities of the Company or any of its affiliates of any kind or nature whatsoever relating to the Excluded Assets, including the Payroll Protection Program loan the Company received from the Small Business Administration on April 25, 2020 (the "**Excluded Liabilities**"). The Company shall, and shall cause each of its Affiliates to, pay and satisfy in due course all Excluded Liabilities.

Notwithstanding any other provision of this Agreement to the contrary, the Buyer will not be responsible to pay, perform or discharge any Liability for (i) Taxes of Company (or any equity holder or Affiliate of Company) or relating to the Business, the Purchased Assets or the Assumed Liabilities for any Pre-Closing Tax Period; (ii) the portion of any Transfer Taxes that are the responsibility of Company pursuant to Section 3.6; or (iii) other Taxes of Company (or any equity holder or Affiliate of Company) of any kind or description (including any Liability for Taxes of Company (or any equity holder or Affiliate of Company) that becomes a Liability of Buyer under any common law doctrine of de facto merger or transferee or successor liability or otherwise by operation of contract or Law) (the "**Pre-Closing Taxes**").

## **ARTICLE 3 PURCHASE PRICE**

### **Section 3.1 Purchase Price**

(1) Subject to any adjustment under Section 3.3, the aggregate purchase price payable by the Buyer to the Company for the Purchased Assets is \$3,700,000 (the "**Purchase Price**") to be paid as follows:

- (a) \$2,000,000, less the Holdback Amount, in immediately available funds, payable on the Closing Date (the "**Closing Payment**");

- (b) 1,285,700 Plurilock Shares (the “**Closing Consideration Shares**”), payable on the Closing Date, registered to the Company with a price of CDN\$0.30 per Plurilock Share (the “**Consideration Share Price**”);
  - (c) \$500,000 in cash, payable on the date that is 90 days following the Closing Date by way of certified cheque or wire transfer;
  - (d) 1,285,700 Plurilock Shares (the “**Deferred Consideration Shares**”, and together with the Closing Consideration Shares, the “**Consideration Shares**”) payable on the date that is one year following the Closing Date, registered to the Company with a price equal to the Consideration Share Price; and
  - (e) \$600,000 payable in cash in three (3) equal earnout payments (the “**Earnouts**”) on the dates that are one (1), two (2) and three (3) years (the “**Earnout Dates**”) following the Closing Date, provided the IFRS audited gross margin of the Purchased Assets is at least 80% of the gross margin amount determined from the Auditor GM Review (the “**Earnout Threshold**”), for each of the Earnout Dates. If the Earnout Threshold is not met, no Earnouts will be paid.
- (2) On the Closing Date, the Holdback Amount shall be delivered to the Escrow Agent and released in accordance with the terms of the Escrow Agreement on the Holdback Release Date.

### **Section 3.2 Closing Balance Sheet**

At least six (6) Business Days prior to the Closing Date, the Company shall deliver to the Buyer a statement (the “**Estimated Statement**”) in substantially in the form attached as Schedule 3.2 setting out:

- (a) the Closing Balance Sheet, with all relevant amounts as estimated as at the Closing Date; and
- (b) the estimated Net Working Capital as at the Closing Date (the “**Estimated Net Working Capital**”).

### **Section 3.3 Closing Consideration**

- (1) The estimated portion of the Purchase Price shall be paid and satisfied at Closing as follows:
- (a) the Buyer shall pay to the Company the sum of the Closing Payment plus an amount equal to the Estimated Net Working Capital minus the Target Working Capital, if the Estimated Net Working Capital is greater than the Target Working Capital, or (ii) minus an amount equal to the difference between the Target Working Capital and the Estimated Net Working Capital, if the Estimated Net Working Capital is less than the Target Working Capital, by wire transfer of immediately available funds to an account or accounts designated by the Company;

- (b) the Buyer shall withhold \$300,000 (the “**Holdback**”), to be held and distributed in satisfaction of any Damages in accordance with Section 6.14; and
  - (c) the Buyer shall issue to the Company the Closing Consideration Shares.
- (2) The Holdback shall be placed in an interest-bearing escrow account. Interest accruing on the funds held in trust to follow payment on account of principal.
- (3) The Company shall prepare and deliver to the Buyer estimated GAAP financial statements determined as of the Closing Date (the “**Draft Closing Statements**”), including the Estimated Net Working Capital. The Buyer shall have 45 days from the Closing Date to review the Draft Closing Statements. The Buyer shall, within such 45 day period, prepare and deliver to the Company final GAAP financial statements of the Company as of the Closing Date (the “**Closing Statements**”), which shall include a calculation of the actual net working capital as at the Closing Date (the “**Final Net Working Capital**”). Subject to mutual agreement or determination by the Buyer and the Company and subject to resolution of any dispute pursuant to Section 3.4, a second adjustment to the Purchase Price will be effected as of the Closing Date based on the difference between the Final Net Working Capital minus the Estimated Net Working Capital (the “**Adjustment Amount**”).
- (4) Within three Business Days after the final determination of the Closing Statements and the Final Net Working Capital:
- (a) if the Adjustment Amount is positive, then the Buyer shall pay the Adjustment Amount to the Company; and
  - (b) if the Adjustment Amount is negative, then the Company shall pay an amount equal to the absolute value of the Adjustment Amount to the Buyer,

with any such payment to be made by wire or electronic fund transfer of immediately available funds to an account designated by the receiving Party. If the Company, if applicable, fails to make payment of the Adjustment Amount to the Buyer in accordance the terms of this Section 3.4(3), the Buyer shall be entitled to and shall claim payment from the Holdback.

### **Section 3.4 Dispute Settlement**

- (1) After receipt of the Closing Statements, the Company shall have 30 Business Days to review the Closing Statements (the “**Review Period**”). During the Review Period, the Company and its accountant shall have full access to the relevant books and records of the Buyer, the personnel of, and work papers prepared by, the Buyer or the Buyer’s accountant to the extent that they relate to the Closing Statements, and to such historical financial information relating to the Closing Statements as the Company may request for the purpose of reviewing the Closing Statements and to facilitate preparation of an Objection as set forth in Section 3.4(2).
- (2) If the Company objects to any matter or amount in the Closing Statements or the determination of Final Net Working Capital, the Company shall give notice to the Buyer no later than 30 Business Days after delivery to the Company of the Closing Statements (the “**Objection**”). Any Objection shall set out, in reasonable detail, the particulars of the Objection. The Company

and the Buyer shall then use reasonable efforts to resolve the Objection within the period ending 30 days following the giving of such notice. If the Objection is not resolved by the Company and the Buyer by the end of such 30 day period, then the Objection shall be submitted by the Company and the Buyer to a mutually acceptable, independent, nationally recognized accounting firm that has not performed services for any of the Parties in the preceding five years (the “**Independent Accountant**”), with a mandate to resolve the Objection promptly and, in any event, within 30 days after the Independent Accountant’s appointment. Any submissions of the Buyer, or the Company to the Independent Accountant will be disclosed to the other Party, and such Party will be afforded a reasonable opportunity to respond to such submissions. The determination by the Independent Accountant, who will act as an expert and not as an arbitrator, will be made only with respect to specific items under dispute by the Company and the Buyer, and will be final and binding on the Parties. The Buyer on the one hand and the Company on the other shall share the fees and expenses of the Independent Accountant based on the relative success of each, with the less successful bearing a greater proportion of such fees and expenses.

- (3) Within three Business Days after the final determination by the Independent Accountant:
- (a) if the Independent Accountant’s determination results in the Adjustment Amount being positive, then the Buyer shall pay the Adjustment Amount to the Company; and
  - (b) if the Independent Accountants’ determination results in the Adjustment Amount being negative, then the Company shall pay the Adjustment Amount to the Buyer,

with any such payment to be made by wire or electronic fund transfer of immediately available funds to an account designated by the receiving Party. If the Company, if applicable, fails to make payment of the Adjustment Amount to the Buyer in accordance the terms of this Section 3.4, the Buyer shall be entitled to and shall claim payment from the Holdback. For the avoidance of doubt, any adjustment to the Purchase Price made pursuant to Section 3.3 above shall not be duplicated pursuant to any adjustment determined pursuant to this Section 3.4.

### **Section 3.5 Allocation of Purchase Price**

(1) Buyer and Company agree that the Purchase Price and any other items, including assumed liabilities of the Business that are treated as additional Purchase Price for Tax purposes (collectively, the “**Asset Sale Purchase Price**”) shall be allocated among the Purchased Assets in accordance with Section 1060 of the Tax Act and the methodology set forth on Schedule 3.5. Within thirty (30) days after the final determination of the Closing Statements and the Final Net Working Capital pursuant to Section 3.3, Buyer shall prepare a draft IRS Form 8594 (relating to the purchase price allocation) in accordance with Schedule 3.5 and Buyer shall deliver the draft IRS Form 8594 to the Company for the Company’s review. Buyer agrees to consider in good faith any comments by the Company to the draft IRS Form 8594 provided in writing within 30 days following Buyer’s delivery of the draft IRS Form 8594 to the Company.

(2) Buyer and Company shall execute and file all federal, state and local Tax Returns by employing the allocation set forth on IRS Form 8594 and shall not take a position in any tax

proceeding or audit or otherwise that is inconsistent with such allocation; provided, however, that nothing contained herein shall require Buyer or Company to contest, beyond the exhaustion of its administrative remedies before any Governmental Authority or agency, and Buyer and Company shall not be required to litigate before any court, including, without limitation, the United States Tax Court, any proposed deficiency or adjustment by any Governmental Authority or agency that challenges such allocation. Buyer and Company shall give prompt notice to each other of the commencement of any tax audit or the assertion of any proposed deficiency or adjustment by any Governmental Authority or agency that challenges such allocation.

### **Section 3.6 Transfer Taxes**

All Transfer Taxes incurred in connection with the transactions contemplated by this Agreement shall be borne by the Company. Buyer and the Company shall cooperate in providing each other with any appropriate and reasonably requested resale exemption certifications and other similar documentation. The party responsible under applicable Law for the filing of any Tax Return or other documents with respect to any Transfer Tax shall prepare and file such Tax Return at its sole expense. If the Buyer is the party responsible under applicable Law for the filing such Tax Return, the Company shall promptly remit payment for the Transfer Tax at least two (2) Business Days before the payment of such Transfer Tax is due.

### **Section 3.7 Securities Matters**

(1) The Company acknowledges, and has obtained the consent of applicable directors, officers and shareholders, (i) to the disclosure of Personal Information by Plurilock to the TSXV and (ii) to the collection, use and disclosure of Personal Information by the TSXV for the purposes of approving the transactions contemplated in this Agreement and the issuance of Consideration Shares of Plurilock under this Agreement to the Company or for such other purposes as otherwise identified by the TSXV, from time to time.

(2) The Company acknowledges that the Consideration Shares will contain certain restrictive legends, including the following:

*“Unless permitted under securities legislation, the holder of this security must not trade the security before [four months and one day after the Closing Date]”.*

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE VENDOR GROUP**

The Vendor Group represents and warrants to the Buyer Group as follows, and acknowledges that the Buyer Group is relying upon these representations and warranties in connection with the purchase of the Purchased Assets, despite any investigation made by or on behalf of Plurilock or the Buyer. Each exception to the following representations and warranties that is set out in the Disclosure Letter is disclosed in respect of the specific individual Section of the Agreement in which the applicable Disclosure Letter is referenced. Any statement in this Agreement that is not expressly qualified by a reference to an exception in the Disclosure Letter will prevail, despite anything to the contrary that is disclosed in the Disclosure Letter.

#### **Section 4.1 Corporate Existence, Capacity and Authority**

The Company is a corporation duly incorporated and validly existing under the laws of the State of New Jersey. The Company is qualified to do business in all jurisdictions in which the nature or location of the Company's operations or assets requires such qualification. The Vendor Group has all necessary power, authority and capacity to enter into and perform their respective obligations under this Agreement. The execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of the Company.

#### **Section 4.2 Binding Obligation**

This Agreement has been duly executed and delivered by the Vendor Group and constitutes a valid and binding obligation of the Vendor Group, enforceable against the Vendor Group in accordance with its terms, subject to applicable bankruptcy, insolvency and other Laws of general application limiting the enforcement of creditors' rights generally, and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults.

#### **Section 4.3 Absence of Conflict**

None of the execution and delivery of this Agreement by the Vendor Group, the performance of the Vendor Group's obligations under this Agreement, or the completion by the Vendor Group of the transactions contemplated by this Agreement will (with or without the giving of notice or lapse of time, or both):

- (1) result in or constitute a breach of any term or provision of, or constitute a default under, the Company's certificate of incorporation, organizational resolutions, bylaws or any resolutions of the directors or shareholders of the Company;
- (2) result in or constitute a breach of any term or provision of, or constitute a default under, or constitute an event that would permit any third party to amend, terminate, sue for damages with respect to or accelerate the obligations of the Company under, any Contract to which the Company is a party, or under which any of the Company's assets or property may be affected, or under which the Company has or may acquire any right or interest;
- (3) result in the creation or imposition of any Encumbrance on the Purchased Assets;
- (4) contravene any applicable Law; or
- (5) contravene any judgment, Order, writ, injunction or decree of any Governmental Authority.

#### **Section 4.4 No Other Agreements to Purchase**

No Person other than Plurilock and the Buyer has any written or oral agreement or option or any right or privilege (whether by Law, pre-emptive, contractual or otherwise) capable of becoming an agreement or option for the purchase or acquisition from the Company of any of the Purchased

Assets, other than pursuant to purchase orders accepted by the Company in the ordinary course of the Business.

#### **Section 4.5 Restrictive Covenants**

Except as set out in Section 4.5 of the Disclosure Letter, the Company is not a party to, or bound or affected by, any Contract containing any covenant expressly limiting its ability to compete in any line of business or in any geographic location, or expressly limiting its ability to transfer or move any of its assets or operations, or that could reasonably be expected to have a Material Adverse Effect.

#### **Section 4.6 Status and Capacity of the Company**

Section 4.6 of the Disclosure Letter sets forth (a) the Company's jurisdiction of incorporation and (b) each jurisdiction in which the Company is qualified to conduct business as a foreign corporation. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation. The Company has the power and authority to own or lease its properties and to conduct its business as it is now being conducted. The Company has delivered to the Buyer Group true, correct and complete copies of its organizational documents.

#### **Section 4.7 Plurilock Shares**

The Company acknowledges that it has not received a prospectus or any other information from the Buyer Group and that it has relied entirely on the publicly available information and documents of the Buyer Group and on the Company's own investigation in entering into this Agreement and receiving the Plurilock Shares as partial satisfaction of the Purchase Price.

#### **Section 4.8 Contracts**

- (1) Section 4.8(1) of the Disclosure Letter lists each of the Purchased Contracts.
- (2) The Company is not in default or breach of any Purchased Contract, and there exists no state of facts that, after notice or lapse of time or both, would constitute a default or breach under any Purchased Contract. No counterparty to any Purchased Contract is in default of any of its obligations under any Purchased Contract, the Company is entitled to all benefits under each Purchased Contract, and the Company has not received any notice of termination of any Purchased Contract. The Company is entitled to all benefits under each Purchased Contract and the Company has not received any notice of termination of any Purchased Contract. True and complete copies of the Purchased Contracts have been made available to the Buyer.
- (3) Except as disclosed in Section 4.8(1) of the Disclosure Letter, all of the Purchased Contracts and Assumed Liabilities were entered into on an arm's length basis and in the ordinary and normal course of the Business.
- (4) The Company does not retain any holdbacks under any of the Purchased Contracts.

(5) Except as disclosed in Section 4.8(1) of the Disclosure Letter, the Company has received no deposits, prepayments or payments in respect of any of the Purchased Contracts in respect of services yet to have been performed or goods yet to have been delivered.

(6) Government Contracts.

(a) Section 4.8(6) of the Disclosure Letter sets forth a true and complete list (and, in the case of oral agreements, contracts or leases, a written summary of the material terms thereof) of the Government Contracts and all amendments, modifications and additions (“*Amendments*”) thereto. The Government Contracts and all Amendments are valid, binding and enforceable by the Company in accordance with their respective terms except as enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights generally and the exercise of judicial discretion in accordance with general equitable principles and are in full force and effect. Section 4.8(6) of the Disclosure Letter separately sets forth the Government Contracts for which the consent of or notice to the other party thereto is necessary in order for the Government Contract to continue as a valid and effective Government Contract following the consummation of the transactions contemplated by this Agreement. The Company has delivered to the Buyer Group true and complete copies of the Government Contracts and Amendments. The Company has complied in all material respects with the Government Contracts and neither it nor, to the Knowledge of the Company, any other party thereto is in default under the Government Contracts.

(b) With respect to the Government Contracts:

- (i) to the Knowledge of the Company, the Government Contracts (A) were legally awarded and (B) unless expired prior to the effective date of this Agreement, are binding on the parties thereto and is in full force and effect;
- (ii) to the Knowledge of the Company, no reasonable basis exists to give rise to (A) a material claim for fraud (as such concept is defined under the state or federal Laws of the United States) in connection with the Government Contracts; (B) a finding of material violation of any labor law; or (C) a finding of material failure to perform any material obligation of the Government Contracts;
- (iii) neither a Governmental Authority nor any prime contractor or subcontractor has notified the Company, in writing, that the Company has, or may have, breached or violated in any material respect any Law, certification, representation, clause, provision or requirement pertaining to the Government Contracts, and, to the Knowledge of the Company, any representations or certifications submitted by the Company in connection with the Government Contracts were current, accurate and complete in all material respects on the date of submission;

- (iv) the Company has not received, in writing, any notice of termination for convenience, notice of termination for default, cure notice or show cause notice pertaining to a Government Contract, and, to the Knowledge of the Company, there is no basis for any such notice of termination for default, cure notice, or show cause notice, and further, to the Knowledge of the Company, no termination for convenience of a Government Contract is being contemplated;
  - (v) to the Knowledge of the Company, all costs, fees, profit and other charges and expenses for any nature that have been charged to a Government Contract were properly chargeable to the Government Contract and were charged in amounts consistent with the requirements of the Government Contract and applicable Laws, and no cost incurred or material amount invoiced by the Company pertaining to the Government Contracts has been questioned or challenged, is the subject of any non-routine audit or investigation, or has been disallowed by any Governmental Authority;
  - (vi) the Company has not entered into any financing arrangements with respect to the performance of a Government Contract;
  - (vii) no payment due to the Company pertaining to a Government Contract has been withheld or set off, and, to the Knowledge of the Company, the Company is entitled to all progress or other payments received to date with respect thereto; and
  - (viii) the Company has complied in all material respects with all material requirements of the Government Contracts and any Laws relating to the performance of the Government Contracts (or, in the case of any work performed under a Government Contract governed by Laws other than the state or federal laws of the United States, the functional equivalent thereof, if any).
- (c) Neither the Company, nor any directors or officers of the Company, is, or within the past three (3) years has been, to the Knowledge of the Company (i) under any material administrative, civil or criminal investigation, audit, or indictment by any Governmental Authority, (ii) the subject of any material audit or investigation by the Company, in each case, with respect to any alleged violation of Laws or contract arising under or relating to the Government Contracts or (iii) debarred or suspended, or proposed for debarment or suspension, or received notice of actual or proposed debarment or suspension (or for purposes of this clause (iii), in the case of contracts governed by Laws other than the state or federal laws of the United States, the functional equivalents thereof, if any), from participation in the award of any contract with any Governmental Authority. To the Knowledge of the Company, there exist no facts or circumstances that would warrant the institution of suspension or debarment proceedings or a finding of non-responsibility or ineligibility with respect to the Company or any of its directors or officers, in any such case, for purposes of doing business with any Governmental Authority.

- (d) The Company has not received written notice of any (i) outstanding material claims against the Company, either by any Governmental Authority or by any prime contractor, subcontractor, vendor or other Person, arising under or relating to a Government Contract, (ii) bid protest filed by another Person challenging the award of a Government Contract to the Company, or (iii) outstanding material claims or requests for equitable adjustment or disputes between the Company, on the one hand, and a Governmental Authority, on the other hand, or between the Company, on the one hand, and any prime contractor, subcontractor, vendor or other Person, on the other hand, arising under or relating to a Government Contract. To the Knowledge of the Company, the Company has not received any written adverse or negative past performance evaluations or ratings in connection with a Government Contract. The Company does not have (A) any interest in any pending or potential claim against any Governmental Authority or (B) any interest in any pending claim against any prime contractor, subcontractor, vendor or other Person arising under or relating to a Government Contract.
- (e) The Company has not made any mandatory or voluntary disclosures to any Governmental Authority of credible evidence of a violation of criminal law involving fraud, conflict of interest, bribery or gratuity violations with respect to a Government Contract.
- (f) The Company has not been involved in any transaction or dealing with any individual or entity prohibited from doing business with any Governmental Authority.
- (g) No Governmental Authority nor any prime contractor or subcontractor has ever provided the Company with any written (or to the Knowledge of the Company, oral) notice alleging that the Company has an actual, apparent or potential organizational conflict of interest.
- (h) The Company has not received any written adverse past performance evaluation or other written negative past performance information with respect to a Government Contract that has not been resolved to the written satisfaction of the counterparty to the Government Contract.

#### **Section 4.9 Third Party Consents**

Except as disclosed in Section 4.9 of the Disclosure Letter, there is no requirement to obtain any consent, approval or waiver of a party under any Contract to which the Company is a party in order to complete the transactions contemplated by this Agreement.

#### **Section 4.10 Regulatory Approvals**

Except as set out in Section 4.10 of the Disclosure Letter, no authorization, approval, Order or consent of, or filing with, any Governmental Authority is required on the part of the Company in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement other than in connection with the Non-Assigned Contracts.

#### **Section 4.11 Books and Records**

- (1) All material financial transactions of the Company have been properly recorded in the Books and Records, which have been maintained in accordance with sound business and financial practice. The Books and Records fairly present the basis for the financial condition and the revenue, expenses and results of operations of the Company and, together with all disclosures made in this Agreement, present fairly the financial condition and the revenue, expenses and results of operations of the Company as of and to the date hereof.
- (2) The gross sales of the Business for the month ended May 31, 2022 are set out in Section 4.11(2) of the Disclosure Letter.

#### **Section 4.12 Tax Matters**

Except as otherwise set forth on Schedule 4.12:

- (1) Company has duly and timely filed all Tax Returns with respect to the Business or the Purchased Assets, that are required to be filed on or before the Closing Date. All such Tax Returns were correct, complete and accurate in all material respects. All Taxes owed by Company with respect to the Business or the Purchased Assets for Pre-Closing Tax Periods (whether or not shown on any Tax Return) have been paid timely.
- (2) Seller has duly withheld and paid all Taxes which it was required to withhold and pay relating to salaries and other compensation paid to employees of the Business, as well as for payments to independent contractors, consultants, freelancers, service providers, suppliers, material creditors, or other third parties of the Business and Seller has complied with all reporting obligations (including the filing of IRS Forms 1099 where applicable).
- (3) Seller is not currently the beneficiary of any extension of time within which to file any Tax Return in respect, in whole or in part, of the Business or the Purchased Assets.
- (4) No claim has ever been made by an authority in a jurisdiction where Company does not file Tax Returns that Company is or may be subject to taxation by that jurisdiction in connection with or as a result of the conduct of the Business or the ownership of the Purchased Assets.
- (5) There are no levies, liens or other Encumbrances (other than for Taxes not yet due and payable) relating to Taxes in effect with respect to any of the Purchased Assets or the Business. Company has no Liability with respect to Taxes that would reasonably be expected to have an adverse effect upon Buyer's right, title and interest in or to, or Buyer's right to use or enjoy (free and clear of any Encumbrance, other than Taxes not yet due and payable), any Purchased Asset or any aspect of the Business acquired by Buyer pursuant to this Agreement. Seller has no reason to believe that any Governmental Authority will or intends to assess any additional Taxes for any period for which Tax Returns have been filed, either in respect of the Business, the Purchased Assets, or which could result in an Encumbrance on any Purchased Asset or in Buyer being liable for such Taxes.
- (6) No audit, examination or investigation is being conducted, is pending or, is threatened by any Governmental Authority relating to Company, the Business or the Purchased Assets for any

Pre-Closing Tax Period, including any audit, examination or investigation concerning payroll taxes. No Tax administrative proceeding or Tax litigation against Company relating to Company, the Business or the Purchased Assets is ongoing, pending or, is threatened, including any proceeding or litigation concerning payroll taxes.

(7) No Tax deficiency or assessment against Company relating to the Business or the Purchased Assets is outstanding, pending or, threatened.

(8) Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency (which waiver or extension are currently effective) relating to the Business or the Purchased Assets.

(9) Company has collected all sales, use and value added taxes required to be collected by applicable Law, and has timely remitted such amounts to the appropriate Governmental Authority.

(10) Company has not agreed, or is required, to make any adjustment under Section 481(a) of the Tax Act by reason of a change in accounting method or otherwise that would adversely impact the Business or the Purchased Assets in a Post-Closing Tax Period.

(11) Company has not participated in a “reportable transaction” within the meaning of Section 1.6011-4(b) of the Treasury Regulations or a “tax shelter” within in the meaning of Section 6662(d)(2)(C)(ii) of the Tax Act.

#### **Section 4.13 Absence of Changes**

Since January 1, 2019, no Material Adverse Effect has occurred.

#### **Section 4.14 Absence of Undisclosed Liabilities**

There are no liabilities or obligations of any nature (liquidated or unliquidated, due or to become due and whether absolute, accrued, contingent or otherwise) of the Company of any kind whatsoever, and there is no basis for any assertion against the Company of any liabilities or obligations of any kind, other than:

(1) liabilities incurred since January 1, 2019 which were incurred in the Ordinary Course of Business; or

(2) as disclosed in Section 4.14 of the Disclosure Letter.

#### **Section 4.15 Absence of Unusual Transactions**

Since January 1, 2019, the Company has not:

(1) subjected any of the Purchased Assets, or permitted any of the Purchased Assets to be subjected, to any Encumbrance;

(2) received any deposit or prepayment in respective of products or services not yet provided by the Business except as disclosed in Section 4.15(2) of the Disclosure Letter;

- (3) modified, amended or terminated any Contract, including any Non-Assigned Contract, resulting in a Material Adverse Effect or that results in any Contract containing a covenant of the nature of a non- competition, non-solicitation or exclusive purchasing/sale covenant;
- (4) waived or released any right which it has or had or a debt owed to it and resulting in a Material Adverse Effect;
- (5) made any change in any method of accounting practice; or
- (6) agreed or offered to do any of the things described in this Section 4.15 except as disclosed in Section 4.15(2) of the Disclosure Letter.

#### **Section 4.16 Debt Obligations**

The Company does not have any liability or obligation for Indebtedness and the Company is not party to any off-balance sheet arrangements.

#### **Section 4.17 Non-Arm's Length Matters**

Except as disclosed in Section 4.17 of the Disclosure Letter, the Company is not party to or bound by any Contract with, is not indebted to, and no amount is owing to the Company by, any officers, former officers, directors, former directors, shareholders or former shareholders of the Company, or any Person not dealing at arm's length with any of the foregoing within the meaning of the Tax Act.

#### **Section 4.18 Bank Accounts and Authorizations**

Section 4.18 of the Disclosure Letter is a list of all safe deposit boxes and bank accounts of the Company, including the names and addresses of the financial institutions at which they are maintained, and the names of all Persons having access or signing authority and of all powers of attorney given by the Company.

#### **Section 4.19 Title to Purchased Assets**

Subject to the qualifications set out in Section 4.19 of the Disclosure Letter, The Company owns, possesses and has good and marketable title to all of the Purchased Assets, free and clear of all Encumbrances. The Company has the absolute and exclusive right to sell the Purchased Assets to the Buyer as contemplated by this Agreement.

#### **Section 4.20 Sufficiency and Good Condition of Purchased Assets**

The properties and assets owned, leased and licensed by the Company are sufficient to permit the continued operation of the Business after the Closing Date in substantially the same manner as it has been historically conducted and include all proprietary rights, trade secrets and other property and assets, tangible and intangible, applicable to or used in connection with the Business. Neither the Company nor any other Person owns any assets which are being used in, or are reasonably necessary to carry on, the Business in the Ordinary Course of Business, except assets leased to the Company or disclosed in Section 4.20 of the Disclosure Letter.

#### **Section 4.21 Owned Real Property**

The Company does not own any real property and the Company does not have any interest in any real property.

#### **Section 4.22 Leased Real Property**

Redacted for  
confidentiality reasons

Except for the Leased Premises, the Company is not a party to or bound by any leases or subleases of real property and does not occupy any other real property as a tenant, lessee, licensee or sublessee. The Leased Premises is leased pursuant to that certain Lease Agreement dated October 25, 2021, between the Company, as Tenant, and [REDACTED], as Landlord, (as may have been and may further be amended, the “Lease”) and a true, complete, and correct copy of the Lease has been provided to the Buyer. The Lease is in full force and effect and is valid, binding, and enforceable in accordance with its terms. There exists no default under the Lease and there is no event or condition which with the passage of time, the giving of notice, or both, would constitute a default under the Lease. The Company does not owe and will not owe in the future any real estate commissions, broker fees, or similar fees and costs in connection with the Lease. No part of the Leased Premises is subject to any building or use restriction that restricts or prevents the use and operation of the Leased Premises for its current use in connection with the Business. There is no other person other than the Company in possession of the Leased Premises and no third party has the right to enter, access, use or possess the Leased Premises. The Leased Premises are served by water, electrical, telephone and other utilities sufficient for the current operations of the Company. There are no work orders from any Governmental Authority outstanding against the Leased Premises adversely affecting the Business, and the Company has not received any work order deficiency notice, request or written advice of any breach of any Law in respect of the foregoing from any Governmental Authority which could, if not corrected, become a work order or could require performance of work or expenditure of money to correct. The Company has no outstanding application for a re-zoning of the Leased Premises and the Company is not aware of any proposed or pending change to any zoning affecting the Leased Premises. The current use of the Leased Premises is in compliance in all material respects with all applicable Laws, does not violate or conflict with any covenants, conditions or restrictions applicable thereto, and does not, and is not reasonably likely to, interfere with the current or contemplated future use of the Leased Premises in the current operations of the Company. The Leased Premises and all buildings, structures, improvements, and fixtures thereon are in good condition and repair and sufficient for current operations of the Company. The Company is not presently negotiating (or contemplates negotiating or has committed to negotiate) any new lease, occupancy agreements, letters of intent or purchase agreements for any new sites or locations for the conduct of its business.

#### **Section 4.23 Personal Property**

Section 4.23 of the Disclosure Letter lists all locations where any items of tangible personal property owned by the Company are situate. The Company is not the lessee of any tangible personal property and is not a party to any conditional sale or other title retention Contract, except as disclosed in Section 4.23 of the Disclosure Letter.

## **Section 4.24 Intellectual Property**

(1) Section 4.24(1) of the Disclosure Letter contains a true and correct list of all Business Intellectual Property that is Registered Intellectual Property owned by the Company. Each item of Registered Intellectual Property listed on in Section 4.24(1) of the Disclosure Letter is valid and subsisting. With respect to each item of Registered Intellectual Property listed on Section 4.24(1) of the Disclosure Letter, the Company has made all necessary payments and filed all necessary documents for the purposes of prosecuting, establishing ownership and maintaining such Registered Intellectual Property in the name of the Company, and there are no interference, re-examination, cancellation or opposition proceedings associated therewith.

(2) Section 4.24(2) of the Disclosure Letter contains a true and complete list of all Proprietary Software and Proprietary Databases. Section 4.24(2) of the Disclosure Letter contains a true and correct list of (a) each item of Open Source Software that is contained in, bundled with, distributed with or linked to the Proprietary Software or Proprietary Databases, or from which any part of the Proprietary Software or Proprietary Databases is derived, (b) the applicable license terms for each such item of Open Source Software, (c) the Proprietary Software or Proprietary Database to which each such item of Open Source Software relates, and (d) an indication of whether the code underlying the Open Source Software is modified or distributed by the Company. The Open Source Software listed on Section 4.24(2) of the Disclosure Letter does not have license or other usage terms that require, as a condition of the Company's use of the Proprietary Software and Proprietary Databases, that the Proprietary Software or Proprietary Databases or data incorporated into, derived from or internally distributed with the Proprietary Software and Proprietary Databases be (x) disclosed or, in the case of Proprietary Software, distributed in source code form, (y) licensed for the purpose of making derivative works, (z) redistributable at no charge, or otherwise impose any other material limitation, restriction or condition on the right or ability of the Company to use or distribute the Proprietary Software or Proprietary Databases. The Proprietary Software and the Proprietary Databases do not contain any material programming errors or Harmful Code.

(3) Section 4.24(3) of the Disclosure Letter contains a true and complete list of all Licensed Software and Licensed Databases. The Licensed Software and Licensed Databases do not include any Open Source Software that requires as a condition of the Company's use of such Licensed Software and Licensed Databases, that the Proprietary Software or Proprietary Databases or data incorporated into, derived from or internally distributed with such Licensed Software and Licensed Databases be (a) disclosed or, in the case of Proprietary Software, distributed in source code form, (b) be licensed for the purpose of making derivative works, (c) be redistributable at no charge, or otherwise impose any other material limitation, restriction or condition on the right or ability of the Company to use or distribute the Proprietary Software or Proprietary Databases. To the Knowledge of the Company, the Licensed Software and the Licensed Databases do not contain any material programming errors or Harmful Code. With respect to all Licensed Software and Licensed Databases, the Company has licensed a sufficient number of "seats" or "users" to account for its use of such Licensed Software and Licensed Databases.

(4) Section 4.24(4) of the Disclosure Letter contains a true and complete list of all Business Intellectual Property that any Person other than the Company owns (excluding Licensed Software and Off-the-Shelf Software).

(5) Section 4.24(5) of the Disclosure Letter contains a true and complete list of (a) each license or other right to use any Business Intellectual Property that the Company has granted to any other Person and (b) the item of Business Intellectual Property to which the license or other right relates. The Company is not bound to any Contract containing a covenant or other provision that (x) limits or restricts the ability of the Company to use, exploit, license or commercialize the Proprietary Software or Proprietary Databases in any material respect or (y) requires the Company to license any Proprietary Software or Proprietary Databases to any Person. No Person has a perpetual or irrevocable right to access or use the Proprietary Software or Proprietary Databases.

(6) The Company owns all right, title and interest in and to, or are licensed to use pursuant to a valid, written license agreement, all Business Intellectual Property, in each case free and clear of all Encumbrances. All Business Intellectual Property will be available for use by the Company immediately after Closing in the same manner as used prior to Closing. The Business Intellectual Property comprises all Intellectual Property necessary for the Company to conduct the Business in the same manner as it was conducted immediately prior to Closing.

(7) The operation of the Company's Business as presently conducted, and the Company's use of the Business Intellectual Property as presently used, does not infringe, violate or misappropriate any Intellectual Property Rights of any other Person. The Company and the prior operation of the Company's business have not previously infringed, violated or misappropriated the Intellectual Property Rights of any other Person. The Company has not received any written notice or written claim from any other Person alleging that the Company infringes, violates or misappropriates any Intellectual Property Rights of any other Person. There are no current actions or, to the Knowledge of the Company, threats of actions in which the Company has alleged the infringement, violation or misappropriation of any Business Intellectual Property by any other Person, and, to the Knowledge of the Company, there has been no infringement, violation or misappropriation by any other Person of the Business Intellectual Property owned by the Company. None of the Business Intellectual Property owned by the Company and, to the Company's knowledge, none of the Business Intellectual Property owned by another Person, is subject to any Order that prevents the use thereof by the Company. No Claim is pending or threatened against the Company that challenges either (a) the legality or validity of any Business Intellectual Property owned by the Company or (b) a right of the Company to enforce, use or own any Business Intellectual Property, nor, to the Knowledge of the Company, is there a valid basis for any such Claim. None of the Business Intellectual Property owned by the Company was developed, authored or conceived either exclusively or partially with funds from a Governmental Authority or using the facilities of any Governmental Authority.

(8) The Company has taken commercially reasonable measures to maintain and protect (a) all of the Business Intellectual Property owned by the Company and (b) any confidential information that has been disclosed to it by another Person, in each case so as not to adversely affect the validity or enforceability thereof, and no loss or expiration of any of Business Intellectual Property owned by the Company is threatened or pending, except for Intellectual Property expiring at the end of its statutory term (and not as a result of any act or omission by the Company, including any failure to pay any required maintenance fees).

(9) No portion of any source code for the Proprietary Software has been delivered, licensed or made available to any Person, except to employees and contractors of the Company who are

authorized to use the source code only for the Company's internal business purposes and who are bound to valid, written Contracts requiring the employee or contractor to maintain the confidentiality of such source code. No Persons have any right to receive a copy of the source code for the Proprietary Software, whether from escrow or otherwise.

#### **Section 4.25 IT Systems**

(1) The Computer Software, Computer Databases, systems, servers, network equipment and other information technology systems used by the Company (collectively, the "**IT Systems**") are in all material respects adequate and sufficient (including with respect to working condition and capacity) for the conduct and operation of the business of the Company. The Company (and any Persons acting on its behalf) has taken commercially reasonable measures that comply with applicable industry security standards to maintain the performance, security, and integrity of the IT Systems. The Company has commercially reasonable back-up and disaster recovery arrangements in the event of a failure of the IT Systems.

(2) All current and former employees of the Company, and all current and former consultants and contractors retained by the Company, have executed and delivered to the Company written agreements in which they agree to maintain the confidentiality of confidential Business Intellectual Property, assign to the Company any Intellectual Property Rights they may have in any Business Intellectual Property which may arise in their name, and have provided written, unrestricted waivers of all moral rights they may have in copyrighted works included in the Business Intellectual Property, which waivers may be invoked by any Person authorized by the Company to use the copyrighted works. In each case where the Company has acquired ownership of any Intellectual Property from any Person, the Company has obtained a valid and enforceable assignment sufficient to irrevocably assign to the Company ownership of, and all right title and interest to, such Intellectual Property, and a valid and enforceable waiver of moral rights sufficient to defend any claim therefor.

(3) No current or former employees, directors, officers, shareholders, consultants, advisors or non-arm's-length persons of the Company were or are direct or indirect licensors of any Intellectual Property.

(4) Section 4.25(4) of the Disclosure Letter sets out a list of all material third party application programming interfaces ("**APIs**") used in connection with the Business. All APIs and Online Accounts are used in accordance with their published licenses, terms of use, privacy policies and other contracts or documentation, and the Company has not received any notice that any such APIs or Online Accounts have been used by the Company in violation thereof.

#### **Section 4.26 Accounts Receivable**

The Accounts Receivable, when created, will be created in the ordinary course of the Business in bona fide arm's length transactions, and, except to the extent that they have been paid in the ordinary course of the Business since the Effective Date, are valid and enforceable and payable in full, without any right of set-off or counterclaim or any reduction for any credit or allowance made or given.

#### **Section 4.27 Inventories**

The Inventories have been accumulated for use or sale in the ordinary course of the Business, and are in good and marketable condition, capable of being sold to customers of the Business upon the Closing Date, and shall not be passed the best before or expiry date applicable to the same which best before or expiry date shall extend for not less than three (3) months following the Closing Date. The present levels of the Inventories are consistent with the levels of inventories that have been maintained by the Company before the date of this Agreement in the ordinary course of the Business in light of seasonal adjustments, market fluctuations and the requirements of customers of the Business.

#### **Section 4.28 Compliance with Laws**

The Company in carrying on the Business is not in violation of any Law in any material respect. To the extent there is in this Agreement a more specific representation and warranty dealing with a specific area of law (e.g. employment), that representation and warranty will supersede this representation and warranty.

#### **Section 4.29 Permits**

All Permits are listed in Section 4.29 of the Disclosure Letter. Those Permits are the only authorizations, registrations, permits, approvals, grants, licences, quotas, consents, commitments, rights or privileges (other than those relating to Intellectual Property) required to enable the Company to carry on the Business as currently conducted and to enable it to own, lease and operate its assets. All Permits are valid, subsisting, in full force and effect and unamended, and the Company is not in default or breach of any Permit. No proceeding is pending or, to the Knowledge of the Company, threatened, to revoke or limit any Permit, and the completion of the transactions contemplated by this Agreement will not result in the revocation of an Permit or the breach of any term, provision, condition or limitation affecting the ongoing validity of any Permit. All Permits are renewable by their terms or in the ordinary course of the Business without the need for the Company to comply with any special qualifications or procedures or to pay amounts other than routine filing fees.

#### **Section 4.30 Environmental Matters**

The Company's conduct of the Business, and the current use and condition of the Leased Premises and Owned Lands, have been and are in compliance with all applicable Environmental Laws, and, to the Knowledge of the Company, there are no facts that would give rise to non-compliance by the Company with any Environmental Laws, either in the conduct by the Company of the Business, or in the current use and condition of any of the Leased Premises and the Owned Lands. The Company has all Permits required by all Environmental Laws for the conduct of the Business, the Company is in compliance with all those Permits, and to the Knowledge of the Company, there are no circumstances related to the operation of the business which are reasonably likely to give rise to any liability or obligation under any Environmental Laws.

### **Section 4.31 Suppliers and Customers**

- (1) Section 4.31(1) of the Disclosure Letter contains a true and accurate list of the Company's top ten (10) clients ("**Top Clients**"), based on gross revenue for fiscal year 2021, indicating the existing contractual arrangements with each such Top Client, including the amount of the security deposit paid by each of the Top Clients to the Company, if any. To the Knowledge of the Company: (a) no facts exist which could reasonably be expected to result in the loss of any Top Clients or sources of revenue of the Business, which, in the aggregate, would be material to the Business or the financial condition of the Company; (b) no indication has been received that any number of Top Clients will or may cease to deal with the Company as a result of the sale of the Purchased Assets or for any other reason; and (c) there are no unresolved disputes with any such Top Clients.
- (2) There are no obligations or conditions in any agreement between a supplier of the Business and the Company that, following the purchase of the Business by the Buyer, will result in: the imposition on the Buyer of an obligation to refund or return any discount, allowance, rebate, or other vendor income received by the Company subsequent to the Closing Time.

### **Section 4.32 Rights to Use Personal Information**

- (1) All Personal Information in the possession of the Company has been collected, used and disclosed in compliance with all applicable Laws in those jurisdictions in which the Company conducts, or is deemed by operation of law in those jurisdictions to conduct, the Business.
- (2) The Company has disclosed to the Buyer all Contracts and facts concerning the collection, use, retention, destruction and disclosure by the Company of Personal Information, and there are no other Contracts or facts that would restrict the ability of the Company to transfer Personal Information to the Buyer in connection with the transactions contemplated by this Agreement, or that, on completion of the transactions contemplated by this Agreement, would restrict or interfere with the use of any Personal Information by the Buyer in the continued operation of the Business as conducted before the Closing.
- (3) There are no Claims pending or, to the Knowledge of the Company, threatened with respect to the Company's collection, use or disclosure of Personal Information.

### **Section 4.33 Product Warranties**

Section 4.33 of the Disclosure Letter lists all warranties given to buyers of products or services supplied by the Company. Except as disclosed in Section 4.33 of the Disclosure Letter, there are no Claims against the Company under warranties or with respect to the production or sale of products or the provision of services by the Company, and there is no basis for any possible prospective Claim against, or Loss on the part of, the Company arising from, relating to, or in connection with the production or sale of products or the provision of services by the Company.

### **Section 4.34 Employment and Labor Matters**

- (1) Section 4.34(1) of the Disclosure Letter sets forth a complete and correct list of all Company employees, including each employee's name, location of employment, job title, length of service, FLSA exemption status, total compensation received in 2021, commission and bonus

entitlements for 2022, rate of remuneration for 2022, and whether the employee is on an approved leave of absence, and if so, that employee's expected date of return. Section 4.34(1) of the Disclosure Letter also sets forth a complete and correct list of all Company contactors, consultants, agents and agency employees, including their date of engagement and compensation terms. Except as set out in Section 4.34(1) of the Disclosure Letter, no employee of the Company is on long-term disability leave. Correct and complete copies of all employment agreements with each employee have been delivered to the Buyer Group. The Company is not party to any agreement with an employee, through an employment agreement, offer letter or any other type of contract, under which the employee is guaranteed (i) employment for any duration, (ii) compensation or benefits at a certain level; or (iii) severance or termination pay.

(2) Section 4.34(2) of the Disclosure Letter sets forth a complete list of (i) all "employee benefit plans," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (ii) all other severance pay, salary continuation, bonus, incentive, stock option, retirement, pension, profit sharing or deferred compensation plans, contracts, programs, funds, or arrangements of any kind, and (iii) all other employee benefit plans, contracts, programs, funds, or arrangements (whether written or oral, qualified or nonqualified, funded or unfunded, foreign or domestic, currently effective or terminated) and any trust, escrow, or similar agreement related thereto, whether or not funded, in respect of any present or former employees, directors, officers, shareholders, consultants, or independent contractors of the Company (or, where indicated below, any trade or business (whether or not incorporated) (i) under common control within the meaning of Section 4001(b)(1) of ERISA with the Company or (ii) which together with the Company is treated as a single employer under Section 414 of the Tax Act (the "**Controlled Group**")) or with respect to which the Company or the Controlled Group has made or is required to make payments, transfers, or contributions (all of the above being hereinafter individually or collectively referred to as "**Company Benefit Plan**" or "**Company Benefit Plans**," respectively). The Company has no liability with respect to any plan, arrangement or practice of the type described in the preceding sentence other than the Company Benefit Plans. The Company has delivered to the Buyer true, correct and complete copies of the following documents with respect to Company Benefit Plans, to the extent applicable: (i) the most recent plan documents and all amendments thereto; (ii) the most recent summary plan description; (iii) the most recent trust instruments, insurance contracts and contracts with third party administrators and all amendments thereto; (iv) all determination letters from the Internal Revenue Service ("**IRS**") with respect to any of the Company Benefit Plans; (v) where the Company Benefit Plans are oral commitments, written summaries of the terms thereof; and (vi) any other documents, forms or other instruments relating to any Company Benefit Plans reasonable requested by the Buyer.

(3) Except as disclosed in Section 4.34(3) of the Disclosure Letter, no Company Benefit Plan is a "multiemployer plan" within the meaning of ERISA Section 3(37) or 4001(a)(3), (ii) a "multiple employer plan" within the meaning of ERISA Section 4063 or 4064 or Section 413(c) of the Tax Act, (iii) a "multiple employer welfare arrangement" within the meaning of ERISA Section 3(40), (iv) a plan subject to Section 302 or Title IV of ERISA or Section 412 of the Tax Act, or (v) a plan providing for post-retirement medical, life insurance or other welfare-type benefits (other than as required by Part 6 of Subtitle B of Title I of ERISA or Section 4980B of the Tax Act or under a similar state Law).

(4) Each Company Benefit Plan has been maintained, operated, and administered in compliance with its terms and any related documents or agreements and in compliance with all applicable Laws. There have been no prohibited transactions or breaches of any of the duties imposed on “fiduciaries” (within the meaning of Section 3(21) of ERISA) by ERISA with respect to the Company Benefit Plans that could result in any liability or excise tax under ERISA or the Tax Act being imposed on the Company.

(5) With respect to each group health plan benefitting any current or former employee of the Company or any member of the Controlled Group that is subject to Section 4980B of the Tax Act, or was subject to Section 162(k) of the Tax Act, the Company and each member of the Controlled Group has complied with (i) the continuation coverage requirements of Section 4980B of the Tax Act and Section 162(k) of the Tax Act, as applicable, and Part 6 of Subtitle B of Title I of ERISA and (ii) the Health Insurance Portability and Accountability Act of 1996, as amended.

(6) Each Company Benefit Plan that is intended to be qualified under Section 401(a) of the Tax Act either has received a favorable determination letter from the IRS or is adopted from a prototype plan that may rely on a favorable opinion letter from the IRS, and, to the Knowledge of the Company, no circumstances exist that would reasonably be expected to result in any such letter being revoked.

(7) Each Company Benefit Plan that is a “non-qualified deferred compensation plan” within the meaning of Section 409A(d)(1) of the Tax Act and any award thereunder, in each case that is subject to Section 409A of the Tax Act has at all times been in documentary and operational compliance with Section 409A of the Tax Act and the regulations promulgated thereunder.

(8) There is no pending or threatened assessment, complaint, proceeding, or investigation of any kind in any court or government agency with respect to any Company Benefit Plan (other than routine claims for benefits), nor is there any basis for one.

(9) No Company Benefit Plan is under audit or investigation by, or is the subject of a proceeding with respect to, any Governmental Authority, including the IRS, the Department of Labor or the Pension Benefit Guaranty Corporation. With respect to each Company Benefit Plan, no Person has entered into any nonexempt “prohibited transaction,” as such term is defined in Section 406 of ERISA or Section 4975 of the Code.

(10) Except as disclosed in Section 4.34(10) of the Disclosure Letter, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event): (i) result in any material payment becoming due, or materially increase the amount of any compensation due, to any employee or former employee of the Company; (ii) materially increase any benefits otherwise payable under any Company Benefit Plan; (iii) result in the acceleration of the time of payment or vesting of any such compensation or benefits; (iv) result in the payment of any amount that could, individually or in combination with any other such payment, constitute an “excess parachute payment,” as defined in 280G(b)(1) of the Code; (v) result in the triggering or imposition of any material restrictions or limitations on the rights of the Company to amend or terminate any Company Benefit Plan; or (vi) entitle the recipient of any payment or benefit to receive a “gross up” payment for any income or other taxes that might be owed with respect to such payment or benefit. The Company has, for

purposes of each relevant Company Benefit Plan, correctly classified those individuals performing services for the Company as common law employees, leased employees, independent contractors or agents of the Company.

(11) The Company may terminate or amend any Company Benefit Plan, at any time in their sole discretion, without incurring any liability other than with respect to benefits that have already accrued under a retirement plan.

(12) There currently is not and never has been any Company Benefit Plan of the Company or any Controlled Group entity that is or has been subject to the laws of a jurisdiction other than the United States.

(13) Section 4.34(13) of the Disclosure Letter lists all material policies, procedures and work-related rules of the Company in effect with respect to employees of the Company, whether written or oral, including policies regarding holiday, sick leave, vacation, disability and death benefits, termination and severance pay, automobile allowances and rights to company-provided automobiles and expense reimbursements (collectively, “**Employee Policies**”). Copies of all documentation establishing or relating to the Employee Policies or, where the Employee Policies are oral commitments, written summaries of the terms of such Employee Policies, and the most recent financial statements and actuarial reports and all reports and returns in respect of the Employee Policies filed with any regulatory agency or other Governmental Authority within one year prior to the date hereof have been provided to the Buyer.

(14) Except as disclosed in Section 4.34(14) of the Disclosure Letter, the Company is in compliance in all respects with all applicable Laws relating to employment and labour matters, including, without limitation, with respect to labor standards, employment standards, harassment, retaliation, employment insurance, human rights, pay equity, occupational health and safety and any similar state laws. There are no charges that have been filed by the U.S. Equal Employment Opportunity Commission or any state Department of Labor or similar state Governmental Authority against the Company. The Company has not received any notice or other communication from any Governmental Authority or other Person regarding any violation or alleged violation of any applicable Law relating to hiring, recruiting, employing (or continuing to employ) anyone not authorized to work in the United States.

(15) The Company is not a party to or bound by any labor or collective bargaining agreement with a union. To the Knowledge of the Company, (i) no petition has been filed or proceedings instituted by any employee or group of employees with any labor relations board seeking recognition of a bargaining representative, and (ii) there is no organizational effort currently being made or threatened in writing by, or on behalf of, any labor union to organize employees and no written demand for recognition as a bargaining representative of employees of the Company has been made by, or on behalf of, any labor union.

(16) The consummation of the transactions contemplated by this Agreement will not constitute an event under any of the Employee Policies or any Contract with a present or former employee, consultant, contractor, agent, director or officer, which will or may result in any severance or other payment or in the acceleration, vesting or increase in benefits with respect to any present or former employee, consultant, contractor, agent, director or officer. No indication has been received by the

Company that any Employee will give, or have given, notice of an intention to terminate their employment relationship with the Company as a result of the Purchase or for any other reason. The relationships of the Company with each of its employees are satisfactory and, to the Knowledge of the Company, there are no unresolved disputes with any such employee.

(17) The Company has paid, or will pay by the next scheduled payroll date, in full to its employees all wages, salaries, commissions, bonuses, benefits and other compensation due to or on behalf of such employees through the Closing Date.

(18) With respect to each employee of the Company, to the Knowledge of the Company, each such employee is either a United States citizen or has a current and valid work visa or otherwise has the lawful right to work in the United States. The Company is in compliance with and not in violation of the terms and provisions of applicable Laws relating to immigration, including the Immigration Reform and Control Act of 1986, and all related regulations promulgated thereunder in all material respects.

### **Section 4.35 Insurance Policies**

Section 4.35 of the Disclosure Letter lists all insurance policies maintained by the Company, and also specifies the insurer, the amount of the coverage, the type of insurance, the policy number and any pending Claims with respect to each insurance policy. The insurance policies maintained by the Company insure all the Purchased Assets against Loss or damage by all insurable hazards of risk on a replacement cost basis. All insurance policies are in full force and effect and the Company:

(1) is not in default, in the payment of premiums or otherwise, under any material term or condition of any of the insurance policies; and

(2) has not failed to give notice or present any Claim under any of the insurance policies in a due and timely fashion and in accordance with the terms of the insurance policies.

### **Section 4.36 Litigation**

Except as disclosed in Section 4.36 of the Disclosure Letter, there are no Claims, whether or not purportedly on behalf of or against the Company, pending, commenced, or, to the Knowledge of the Company, threatened, that might reasonably be expected to have a Material Adverse Effect or that might result in an Encumbrance against the Purchased Assets. There is no outstanding judgment, decree, Order, ruling or injunction in favour of, against or otherwise involving the Business or relating in any way to the transactions contemplated by this Agreement.

### **Section 4.37 Certain Payments**

Excluding probates and signing bonuses paid in the ordinary course of the Business, neither the Company nor any shareholders of the Company, and, to the Knowledge of the Company, no directors, officers, employees or any other Person associated with or acting for or on behalf of the Company, has directly or indirectly made any contribution, gift, bribe or other payment to any Person, private or public, regardless of form, to obtain favorable treatment in securing business or to obtain special concessions.

### **Section 4.38 CFIUS Matter**

The Company is not a TID U.S. business that produces, designs, tests, manufactures, fabricates, or develops one or more critical technologies. For purposes of this representation, “TID U.S. business” is defined in 31 CFR Section 800.248 and “critical technology” is defined in 31 CFR Section 800.215.

### **Section 4.39 Brokerage Fees**

The Company has not retained any financial advisor, broker, agent or finder, or entered into any agreement entitling any Person to any broker’s commission, finder’s fee or similar payment, relating to this Agreement or the transactions contemplated by this Agreement.

### **Section 4.40 Consideration Shares**

The Company acknowledges that the offering and issuance of the Consideration Shares to be acquired pursuant to this Agreement are intended to be exempt from registration under the Securities Act of 1933, as amended (the “**Securities Act**”) and that the Buyer’s reliance on such exemption is predicated in part on the accuracy and completeness of the representations and warranties of the Buyer contained herein. In furtherance thereof, the Company represents and warrants to the Buyer as follows:

- (1) The Company is an “accredited investor” (as such term is defined in each of Rule 501(a) of Regulation D promulgated under the Securities Act and National Instrument 45-106 – *Prospectus and Registration Exemptions*);
- (2) The Company is acquiring the Consideration Shares solely for its own account for the purpose of investment and not as a nominee or agent for any other person and not with a view to, or for resale in connection with any distribution thereof in violation of the securities Laws;
- (3) The Company is knowledgeable, sophisticated and experienced in business and financial matters and is fully capable of evaluating the merits and risks of an investment in the Consideration Shares. The Company fully understands the limitations on transfer and resale imposed by the Securities Act and other applicable securities Laws, and the Company believes that an investment in the Consideration Shares is suitable for the Company based upon the Company’s objectives and financial needs. The Company is able to bear the economic risk of holding the Consideration Shares for an indefinite period and is able to afford the complete loss of its investment in the Consideration Shares;
- (4) The Company has received and reviewed all information and documents about or pertaining to the Buyer and the business and prospects of the Buyer and the issuance of the Consideration Shares as the Company deems necessary or desirable, and has been given the opportunity to obtain any additional information or documents and to ask questions and receive answers from the Buyer about such information and documents, the Buyer and the business and prospects of the Buyer which the Company deems necessary or desirable to evaluate the merits and risks related to its investment in the Consideration Shares;

(5) The Company acknowledges and agrees that the Consideration Shares: (i) are subject to the applicable restrictions set out in Canadian National Instrument 45-102 - *Resale of Securities*, and (ii) will be characterized as “restricted securities” under the Securities Act and other applicable U.S. securities Laws and that the offering and issuance of the Consideration Shares has not been, and will not be, registered under the Securities Act or qualified under applicable securities Laws of the states of the United States, and, therefore, the Consideration Shares cannot be resold unless they are registered under the Securities Act and any applicable securities Laws of the states of the United States or unless an exemption from such registration requirements is available. The Company further understands that if an exemption from registration or qualification is available, it may be conditioned on various requirements that are outside the Company’s control. The Company further acknowledges that its ability to sell or otherwise transfer the Consideration Shares is further restricted by applicable securities Laws;

(6) The Company further understands that it is receiving all the Consideration Shares without being furnished a prospectus setting forth all of the information that may be required to be furnished under applicable securities Laws in a registered public offering and, as a consequence, certain protections, rights and remedies provided in applicable securities legislation, including statutory rights of rescission or damages, may not be available to it. The Company has not relied on any oral or written representation in connection with the offering of the Consideration Shares that is not contained in this Agreement; and

(7) The Company further understands that the certificates representing the Consideration Shares will contain the following legends:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR THE APPLICABLE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE OFFERED, PLEDGED, SOLD, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS REGISTERED UNDER THE ACT AND UNDER APPLICABLE SECURITIES LAWS, OR UNLESS SUCH OFFER, PLEDGE, SALE, ASSIGNMENT OR TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND SUCH STATE SECURITIES LAW. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH OFFER, PLEDGE, SALE, ASSIGNMENT OR TRANSFER OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.”

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS FOUR MONTHS AND A DAY AFTER THE DISTRIBUTION DATE].”

#### **Section 4.41 Disclosure**

No representation or warranty or other statement made by the Company in this Agreement contains any untrue statement or omits to state a material fact necessary to make it, in light of the circumstances in which it was made, not misleading, or any fact necessary to provide Plurilock and the Buyer with proper and adequate information concerning the Purchased Assets. The

Company has not knowingly failed to disclose to the Buyer any and all facts and information known to it/him that reasonably could be expected to have a Material Adverse Effect.

#### **Section 4.42 No Further Representations and Warrants**

Except as expressly set forth in this Agreement and the Schedules, the Company does not make any representation or warranty, expressed or implied, at Law or in equity in respect of the Company, or the assets, liabilities or operations of the Company or the Purchased Assets, and any such other representations or warranties are hereby expressly disclaimed. In connection with the Buyer Group's investigation of the Company, the Buyer Group has received certain projections, including projected statements of revenues and income from operations of the Company and certain business plan information. The Buyer Group acknowledges that there are uncertainties inherent in attempting to make such estimates, projections and other forecasts and plans. Accordingly, the Company makes no representation or warranty with respect to such estimates, projections and other forecasts and plans, including the reasonableness of the assumptions underlying such estimates, projections and forecasts.

### **ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE BUYER GROUP**

Each of Plurilock and the Buyer represents and warrants to the Company as follows, and acknowledges that the Company is relying upon these representations and warranties in connection with the sale of the Purchased Assets, despite any investigation made by or on behalf of the Company.

#### **Section 5.1 Corporate Existence, Capacity and Authority**

Plurilock is a corporation duly incorporated and validly existing under the laws of the Province of British Columbia and the Buyer is a corporation duly incorporated and validly existing under the laws of the State of California. Each of Plurilock and the Buyer has all necessary corporate power, authority and capacity to enter into and perform its obligations under this Agreement. The execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part each of Plurilock and the Buyer, as applicable.

#### **Section 5.2 Binding Obligation**

This Agreement has been duly executed and delivered by Plurilock and the Buyer and constitutes a valid and binding obligation of Plurilock and the Buyer, enforceable against Plurilock and the Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency and other Laws of general application limiting the enforcement of creditors' rights generally, and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults.

#### **Section 5.3 Absence of Conflict**

None of the execution and delivery of this Agreement by either Plurilock or the Buyer, the performance of their respective obligations under this Agreement, or the completion by Plurilock

or the Buyer of the transactions contemplated by this Agreement, will result in or constitute a breach of any term or provision of, or constitute a default under, the articles or by-laws of Plurilock or the Buyer or any agreement or other commitment to which Plurilock or the Buyer is a party.

#### **Section 5.4 Regulatory Approvals**

Other than obtaining approval from the TSXV and providing at least ten Business Days' prior notice to the Division of Taxation of the State of New Jersey, no authorization, approval, order or consent of, or filing with, any Governmental Authority is required on the part of either Plurilock or the Buyer in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement.

#### **Section 5.5 Issuance of Consideration Shares.**

Plurilock hereby represents and warrants to the Company that Plurilock is in compliance in all material respects with the applicable policies, rules and regulations of the TSXV and that the Consideration Shares, and the Earnout Shares will, if issued in accordance with the terms and conditions of this Agreement, at the time of issuance, will be duly authorized and validly issued as fully paid and non-assessable common shares of Plurilock.

#### **Section 5.6 Reporting Status and Securities Laws Matters.**

Plurilock is a "reporting issuer" in good standing in each of the Provinces of Canada except Quebec and not on the list of reporting issuers in default under Applicable Securities Laws in such provinces. No delisting, suspension of trading in or cease trading order with respect to any securities of Plurilock, and no inquiry or investigation (formal or informal) any securities commission or securities regulatory authority, is in effect or ongoing or, to the knowledge of Plurilock, threatened or expected to be implemented or undertaken.

### **ARTICLE 6 COVENANTS**

#### **Section 6.1 Settlement of Payments**

On a weekly basis, from the Effective Date until the latest of two (2) calendar days from the Closing or the date upon which the Company closes the bank accounts used by the Company in connection with the Business, and in order to facilitate the reconciliation between the Parties of the amounts transiting in those accounts during the above period, the Parties shall determine the difference between any amounts that are paid to the Company by any Person, but to which the Buyer is rightfully entitled under the terms of this Agreement and any amounts that are paid by the Company to any Person in connection with an Assumed Liability or which are otherwise rightfully the obligation of the Buyer to pay under this Agreement, and the Party that is indebted to the other Party following such determination shall promptly pay the amount of the difference to such Party.

## **Section 6.2 Conduct of Business Before Closing**

During the period beginning on the date of this Agreement and ending at the Closing Time, and except as expressly permitted or contemplated by this Agreement, the Company will:

- (1) carry on the Business only in the ordinary course, consistent with past practice;
- (2) make all commercially reasonable efforts to preserve the goodwill of the Business and its relationships with customers, suppliers and others having business dealings with the Company and the Business;
- (3) refrain from entering into or becoming bound by any contract or arrangement, other than in the ordinary course of the Business;
- (4) continue in full force all of its insurance policies;
- (5) comply in all material respects with all Laws applicable to the Business;
- (6) act in good faith to close the transaction including responding to and providing for all reasonable requests, consents, approval, opinions and decisions consistent with the terms of this Agreement;
- (7) take all actions that are within its power to control, and will make all commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure its compliance with the terms of this Agreement;
- (8) refrain from making or changing any Tax election relating to the Business or the Purchased Assets or adopting or changing any method of Tax accounting relating to the Business or the Purchased Assets;
- (9) apply for, maintain in good standing and renew all Permits; and
- (10) obtain approval for the transaction contemplated hereunder from the shareholders of the Company.

## **Section 6.3 Conduct of Business From the Effective Date**

During the period beginning on the Effective Date and ending at the Closing Time, and except as expressly permitted or contemplated by this Agreement, the Company will obtain written approval of the Buyer in respect of:

- (1) the employment of new, or the termination of existing, Employees of the Business;
- (2) the variation to any employment or consulting terms of the Offered Employees;
- (3) any proposed alteration to the nature of the Business outside of the ordinary course;
- (4) the approval of any proposed budget, or amendments thereto, relating to the Business;

(5) any proposed changes to the pricing or sales terms of any products sold in connection with the Business outside of the ordinary course; and

(6) except in the ordinary course of business, any proposed correspondence by the Company to the customers or suppliers, or other third parties with which the Company communicates with respect to the Business, and any such correspondence shall confirm that control of the Business is being transitioned to the Buyer commencing as at the Effective Date.

#### **Section 6.4 Inventory Count**

On August 12, 2022, or such other date(s) as Plurilock may determine, the Company will assist Plurilock, and will provide all requisite access to, the Company's remaining Inventories, if any, in order to complete an audit of same.

#### **Section 6.5 Website and Imagery**

Immediately following the Closing Date, the Company will discontinue from use any imagery, reference or otherwise to the Business from any website of the Company and any and all materials of the Company. Buyer will maintain a landing page or an alternative functionally equivalent mechanism on the Company's website(s) that automatically redirects readers to a webpage location of, and to be provided by, the Buyer.

#### **Section 6.6 Access for Investigation**

The Company will permit the Buyer through its authorized representatives and representatives of Crestmark, the Buyer's provider of its revolving line of credit, until the Closing Date, to have reasonable access to all the Books and Records and to the properties and assets of the Business. The Company will also provide the Buyer and Crestmark with any financial and operating data and other information with respect to the Company or Business as the Buyer or Crestmark reasonably requests.

#### **Section 6.7 Consents**

The Company will use best efforts to obtain and maintain, before the Closing, the consents, approvals and waivers disclosed in Section 4.9 of the Disclosure Letter, provided that the Company will be under no obligation to pay any money, incur any obligations, commence any legal proceedings, or offer or grant any accommodation (financial or otherwise) to any third party in order to obtain those consents, approvals and waivers. The Buyer will use best efforts to cooperate with and assist the Company in obtaining and maintaining those consents, approvals and waivers, including by providing any information relating to the Buyer as is reasonably requested by a third party to grant its consent.

#### **Section 6.8 Notification of Change**

From the date of this Agreement until the Closing Time, the Company will promptly notify the Buyer in writing of:

- (1) the occurrence, or failure to occur, of any event or state of facts which occurrence or failure to occur would, or would be reasonably likely to:
  - (a) cause any of the Company's representations or warranties in this Agreement to be inaccurate at any time from the date of this Agreement until the Closing Time;
  - (b) result in the Company's failure to comply with any covenant in this Agreement to be complied with at or before the Closing Time; or
  - (c) result in the failure of any condition in Section 7.1 (*Conditions for the Benefit of the Buyer*) or Section 7.5 (*Mutual Conditions Precedent*) to be satisfied;
- (2) the occurrence, after the date of this Agreement, of a Material Adverse Effect;
- (3) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement or confirmation) of that Person (or another Person) is or may be required in connection with this Agreement or the transactions contemplated by this Agreement; or
- (4) any actions, suits, grievances or proceedings commenced or threatened, that relate to or involve the Company, this Agreement or the transactions contemplated by this Agreement.

Notification provided under this Section 6.8 will not affect the representations, warranties or covenants of the Parties (or related remedies) or the conditions to the obligations of the Parties in this Agreement.

### **Section 6.9 Exclusivity**

From the date of this Agreement until the Closing Time, the Company will not solicit, initiate, knowingly facilitate or encourage, or accept; or participate in any discussions, conversations, negotiations or other communications regarding, any offer or proposal relating to any transaction (other than the purchase and sale transaction contemplated by this Agreement) involving the sale of any shares or other securities of the Company, the sale of the Business or any Purchased Assets, or any other corporate transaction effecting a change of control of the Company. If an offer or proposal relating to a transaction contemplated in this Section 6.9 is made to the Company, the recipient will provide prompt notice of the offer or proposal to the Buyer. For purposes of clarification this restriction shall not apply to new stock option grants approved by the Company or the exercise of existing stock options or warrants.

### **Section 6.10 Confidential Information**

All information relating to the Company and the Business and disclosed to the Buyer or Plurilock in the Disclosure Letter or under the terms of this Agreement will be treated as confidential information and will not be used or disclosed.

### **Section 6.11 Personal Information**

- (1) The collection, use and disclosure of Personal Information by any of the Parties before the Closing is restricted to those purposes that relate to the transactions contemplated by this Agreement.
- (2) Following the Closing, the Buyer will use and disclose the Personal Information transferred to it under the terms of this Agreement solely for the purposes for which that Personal Information was collected or permitted to be used or disclosed before the transaction was completed, and neither use nor disclose any of that Personal Information for any purpose other than carrying on the Business.

### **Section 6.12 Disclosure Supplements**

Before the Closing, the Company will promptly notify the Buyer with respect to any matter, condition or occurrence arising which, if existing at or occurring before or on the date of this Agreement, would have been required to be set out or described in the Disclosure Letter. The Parties will make best efforts to resolve any issues arising from any notification, including amending the Agreement. Notification under this Section 6.12 will not, in any case, be deemed to cure any breach of any representation or warranty made in this Agreement or have any effect on the Buyer's right to indemnity provided for in Article 9 or have any effect for the purpose of determining the satisfaction of the conditions set out in Article 7 or the compliance by the Company with any covenants or agreements contained in this Agreement.

### **Section 6.13 Offer of Employment**

- (1) The Buyer will make offers of employment to the Offered Employees prior to the Closing Date, with such offers becoming effective, subject to acceptance by such Offered Employees, on the Closing Time.
- (2) The Buyer's offers of employment made to the Offered Employees pursuant to Section 6.13(1) will be on the Buyer's customary terms and conditions of employment, and, for greater certainty, the Buyer will not continue or assume any Plans in respect of the Offered Employees.
- (3) The Buyer's obligation under this Section 6.13 is solely to make offers of employment or to the Offered Employees prior to the Closing Time. The Buyer will not be obligated to any Offered Employee who refuses Buyer's offer, regardless of the reason for refusal, or who does not sign and return Buyer's offer of employment prior to the Closing Date. The Company will render all reasonable assistance to encourage Offered Employees to accept the offers of employment or engagement in accordance with their terms and conditions.
- (4) This Section 6.13 is not intended to, and does not, confer any rights or remedies on any Person other than the Parties (and their respective Successors).

### **Section 6.14 Holdback**

(1) On the Holdback Release Date, if the Company has not been notified by the Buyer of any Damages by the Buyer against the Company in accordance with any provision of this Agreement, the balance of the Holdback shall be paid to the Company on the Holdback Release Date.

(2) If the Company has been notified of any Damages by the Buyer no later Holdback Release Date, then the balance of the Holdback shall be held until the 30th day following the Holdback Release Date. On such date, the amount of the Damages shall be deducted from the Holdback as follows:

- (a) claims made against the Company under Section 9.1 shall be deducted from the Holdback; and
- (b) and the deductions shall be refunded to the Company and the balance of the Holdback (including any interests earned thereon), if any, shall be paid to the Company on the 30th day following the Holdback Release Date.

### **Section 6.15 Tax Returns**

Company shall prepare or cause to be prepared all Tax Returns relating to the Business or the Purchased Assets for all Pre-Closing Tax Periods, other than for Straddle Tax Periods, and Buyer shall prepare or cause to be prepared all Tax Returns relating to the Business or the Purchased Assets for Straddle Tax Periods. With respect to Tax Returns to be filed by Company or Buyer pursuant to the preceding sentence, (i) except as required by applicable Law, such Tax Returns shall be filed in a manner consistent with past practice and no position shall be taken, election made or method adopted that is inconsistent with positions taken, elections made or methods used in prior periods in filing such Tax Returns, (ii) such Tax Returns shall be submitted to the other party not later than twenty (20) days prior to the due date for filing such Tax Returns for review and approval by the other party, which approval shall not be unreasonably withheld, conditioned or delayed, and (iii) for each Straddle Tax Period Tax Return, Company shall remit payment to Buyer for Company's share of Taxes no later than five (5) days prior to the due date for the filing of each such Tax Return. With respect to a Straddle Tax Period, Taxes shall be allocated between the pre-Closing portion and the post-Closing portion of such Straddle Tax Period in the following manner: (i) real property taxes and personal property taxes shall be prorated based on the number of days in each of the pre-Closing portion and post-Closing portion of the Straddle Tax Period; and (ii) all other Taxes shall be allocated between the pre-Closing portion and the post-Closing portion of the Straddle Tax Period based on an interim closing of the books of the Business as of the close of the Closing Date.

### **Section 6.16 Tax Contests**

After the Closing, Buyer shall promptly notify Company in writing upon the commencement of any Tax audit, suit, action or proceeding (each a "**Tax Contest**") relating to the Business or the Purchased Assets with respect to a Pre-Closing Tax Period for which Company is liable under this Agreement. Except for a Tax Contest that relates to a Straddle Tax Period, Company shall have control over Tax Contests relating to the Business or the Purchased Assets with respect to a Pre-Closing Tax Period for which Company is liable under this Agreement, which control shall include

the right to settle, compromise and/or concede any such Tax Contest and the right to employ counsel of its choice at its expense; provided, however, that Company shall keep Buyer apprised of all developments relating to the Tax Contest, shall provide Buyer with copies of all correspondence from any Governmental Authority relating to any such Tax Contest, and shall conduct the defense of such Tax Contest diligently and in good faith. In the case of a Tax Contest that relates to a Straddle Tax Period, Buyer shall control the conduct of such Tax Contest, but Company shall have the right to participate in such Tax Contest at its own expense, and Buyer shall not settle, compromise and/or concede such Tax Contest without the consent of Company, which consent shall not be unreasonably withheld, conditioned or delayed.

### **Section 6.17 Tax Cooperation**

The Buyer and Company shall reasonably cooperate, as and to the extent reasonably requested by each other party, in connection with the preparation and filing of Tax Returns for Pre-Closing Tax Periods and Straddle Tax Periods and the conduct and defense of any Tax Contest. Such cooperation shall include the provision of records and information which are reasonably relevant to any such Tax Return or Tax Contest and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Buyer and Company agree to retain all books and records with respect to Tax matters pertinent to the Business and the Purchased Assets relating to any Pre-Closing Tax Periods and Straddle Tax Periods until the expiration of the applicable statute of limitations, and to abide by all record retention agreements entered into with any Governmental Authority.

### **Section 6.18 Consideration Shares**

It is intended that the Buyer's transfer of the Consideration Shares to the Company as a portion of the Purchase Price for the Purchased Assets be treated as a non-taxable transaction for Buyer for U.S. federal income tax purposes consistent with Treas. Reg. § 1.1032-3(b) and Buyer and Company agree not to take any position inconsistent with this intended U.S. federal income tax treatment.

## **ARTICLE 7 CLOSING CONDITIONS**

### **Section 7.1 Conditions for the Benefit of the Buyer**

The obligation of the Buyer to complete the purchase of the Purchased Assets is subject to the satisfaction, or waiver by the Buyer, at or before the Closing Time, of the following conditions, which are for the sole benefit of the Buyer and which may be waived, in whole or in part, by the Buyer at any time without prejudice to the Buyer's right to rely on any other condition precedent.

(1) **Representations and Warranties.** The representations and warranties of the Company made in this Agreement which are qualified by the expression "material", "material adverse change" or "material adverse effect" shall be true and correct as of the date of this Agreement and as of the Effective Date as if made on such date (except to the extent that such representations and warranties expressly speak of an earlier date, in which event, such representations and warranties shall be true and correct as of such earlier date) and all other representations and warranties made by the Company in this Agreement which are not so qualified shall be true and correct in all

material respects as of the date of this Agreement and as of the Effective Date as if made on such date (except to the extent that such representations and warranties expressly speak of an earlier date, in which event, such representations and warranties shall be true and correct in all material respect as of such earlier date), and Company shall have provided to the Buyer a certificate of two senior officers certifying such accuracy on the Closing Date.

(2) **No Material Adverse Effect.** From the date hereof up to and including the Closing Date there shall not have occurred a Material Adverse Effect in respect of the Business or the Company, and the Company shall have provided to Buyer a certificate of two senior officers to such effect on the Closing Date.

(3) **Covenants.** The Company shall have complied in all material respects with its covenants herein, and the Company shall have provided to the Buyer a certificate of two senior officers dated as of the Closing Date certifying that the Company has so complied with its covenants herein.

(4) **Consent.** All filings with, notifications to and consents from Governmental Authorities and third parties, including the parties to the Contracts, will have been made, given or obtained on terms acceptable to the Buyer, acting reasonably, so that the transactions contemplated by this Agreement may be completed without resulting in the breach of, or any default, termination, amendment or acceleration of any obligation under, any Contract or Permit, or any lease of real property or licence of the Company or affecting the Business.

(5) **Due Diligence.** The Buyer will be satisfied, in its sole discretion, with its due diligence investigations of the Business and the Purchased Assets, including the Company's line of credit, if any.

(6) **Line of Credit.** The Buyer having secured a line of credit on terms and conditions to the Buyer's sole satisfaction.

(7) **Security.** The Company shall have discharged the security filings as set out in Section 4.19 of the Disclosure Letter, other than the security filings made by [REDACTED]

[REDACTED] · **Redacted for confidentiality reasons.**

(8) **Deliveries.** The Company will deliver or cause to be delivered to the Buyer the following in form and substance satisfactory to the Buyer:

- (a) the Purchased Assets;
- (b) a certificate(s) of the Company and the Vendor pursuant to Section 7.1(1) (*Representations and Warranties*), Section 7.1(2) (*No Material Adverse Effect*), and Section 7.1(3) (*Covenants*);
- (c) certified copies of resolutions of the directors and the shareholders of the Company authorizing the transactions set out in this Agreement;
- (d) a certificate of good standing of the Company issued by the appropriate Governmental Authority in its jurisdiction of incorporation and any other jurisdiction where the Company is registered or qualified to do business;

- (e) an assignment of intellectual property agreement substantially in the form attached as Exhibit 7.1(8)(e);
- (f) a general assignment and bill of sale substantially in the form attached as Exhibit 7.1(7)(f);
- (g) the consents, approvals and waivers referred to in Section 4.9 (*Third Party Consents*), and the authorizations, approvals, orders and consents referred to in Section 4.10 (*Regulatory Approvals*);
- (h) all deeds, conveyances, assurances, transfers, assignments and other instruments necessary or reasonably required to transfer to the Buyer good title to the Purchased Assets, free and clear of all Encumbrances;
- (i) non-competition and non-solicitation agreements executed by the Company, the Vendor and the Transferred Employees substantially in the form attached as Exhibit 7.1(8)(i);
- (j) Employment Agreements duly executed by the Transferred Employees;
- (k) consulting agreements duly executed by [REDACTED] and [REDACTED] Redacted for confidentiality reasons
- (l) customer lists and arrangements with supply chains, distributors and related parties;
- (m) all Books and Records, including copies of all of the Company's insurance policies;
- (n) a properly completed IRS Form W-9 executed by an officer of the Company;
- (o) evidence to Buyer's satisfaction that the Buyer and the Company have complied with any direction received from the NJ Division of Taxation in response to the Form C-9600 filed with the NJ Division of Taxation;
- (p) evidence to Buyer's satisfaction that the security filings have been discharged in accordance with Section 7.1(7); and
- (q) all other documentation and evidence reasonably requested by the Buyer to establish the due authorization and completion by the Company of the transactions contemplated by this Agreement.

## **Section 7.2 Waiver or Termination by the Buyer**

The conditions contained in Section 7.1 are inserted for the exclusive benefit of the Buyer and may be waived in whole or in part by the Buyer at any time without prejudice to any of its rights of termination in Section 8.1 in the event of non-performance of any other condition in whole or in part.

### Section 7.3 Conditions for the Benefit of the Company

The obligation of the Company to complete the sale of the Purchased Assets is subject to the satisfaction, or waiver by the Company, at or before the Closing Time, of the following conditions, which are for the sole benefit of the Company and which may be waived, in whole or in part, by the Company at any time without prejudice to any Company's right to rely on any other condition precedent.

(1) **Representations and Warranties.** The representations and warranties of the Buyer Group made in this Agreement which are qualified by the expression "material", "material adverse change" or "material adverse effect" shall be true and correct as of the date of this Agreement and as of the Effective Date as if made on such date (except to the extent that such representations and warranties expressly speak of an earlier date, in which event, such representations and warranties shall be true and correct as of such earlier date) and all other representations and warranties made by the Buyer Group in this Agreement which are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Date as if made on such date (except to the extent that such representations and warranties expressly speak of an earlier date, in which event, such representations and warranties shall be true and correct in all material respect as of such earlier date), and the Buyer Group shall have provided to the Vendor Group a certificate of a senior officer certifying such accuracy on the Closing Date.

(2) **Covenants.** The Buyer Group shall have complied in all material respects with its covenants herein, and the Buyer Group shall have provided to the Buyer Group a certificate of a senior officer dated as of the Closing Date certifying that the Buyer Group has so complied with its covenants herein.

(3) **Deliveries.** The Buyer will have delivered to the Company the following in form and substance satisfactory to the Company:

- (a) the closing cash payment and the Consideration Shares registered to the Company pursuant to Section 3.1;
- (b) a certificate(s) of the Buyer Group pursuant to Section 7.3(1) (*Representations and Warranties*) and Section 7.3(2) (*Covenants*));
- (c) Employment Agreements duly executed by the Buyer; **Redacted for confidentiality reasons**
- (d) consulting agreements with [REDACTED] and [REDACTED] duly executed by the Buyer;
- (e) all documentation and other evidence reasonably requested by the Company to establish the due authorization and completion by the Buyer of the transactions contemplated by this Agreement, including the taking of all corporate proceedings by the directors of the Buyer required to effectively carry out the obligations of the Buyer under this Agreement.

### Section 7.4 Waiver or Termination by the Company

The conditions contained in Section 7.3 are inserted for the exclusive benefit of the Company and may be waived in whole or in part by the Company at any time without prejudice to any of its rights of termination in Section 8.1 in the event of non-performance of any other condition in whole or in part.

### Section 7.5 Mutual Conditions Precedent

The purchase and sale of the Purchased Assets is subject to the satisfaction, or waiver by the Buyer and the Company, at or before the Closing Time, of each of the following conditions, which are for the mutual benefit of the Buyer and the Company and which may be waived, in whole or in part, by consent of the Buyer and the Company at any time without prejudice to any right of the Buyer or the Company to rely on any other condition precedent.

(1) **No Action to Restrain.** No Order will be in force, and no action or proceeding will be pending or threatened by any Person to restrain or prohibit the completion of the transactions contemplated by this Agreement, to restrain or prohibit the Company from carrying on the Business, or that would have a Material Adverse Effect.

(2) **TSXV Approval.** The Buyer shall have received all necessary TSXV approvals required in connection with subject matter of this Agreement and the acceptance for listing of the Consideration Shares on the TSXV.

(3) **Notification.** The Buyer shall have filed a notification to the Division of Taxation of the State of New Jersey at least 10 Business Days prior to Closing.

(4) **Employment and Consulting Agreements.** The Buyer shall have entered into employment agreements with the Transferred Employees and the consulting agreements with [REDACTED] and [REDACTED] on mutually agreeable terms on or prior to Closing. **Redacted for confidentiality reasons**

### Section 7.6 Closing

The Closing will take place at the Closing Time. All required documents may be delivered as originals or may be delivered by electronic transmission, except that the share certificates representing the Consideration Shares must be delivered in original form.

## ARTICLE 8 TERMINATION

### Section 8.1 Termination Rights

This Agreement may be terminated at any time before the Closing:

- (1) by mutual written consent of Plurilock and the Company;
- (2) by Plurilock, upon written notice to the Company (specifying in reasonable detail the circumstances giving rise to the Buyer's right to terminate) if any condition set out in Section 7.1

(*Conditions for the Benefit of the Buyer*) or 7.5 (*Mutual Conditions Precedent*) that has not been waived by the Buyer is not capable of being satisfied by the Closing Date, provided that the failure to satisfy that condition is not the result, directly or indirectly, of the Buyer's breach of this Agreement;

(3) by the Company, upon written notice to the other Parties (specifying in reasonable detail the circumstances giving rise to that Company's right to terminate) if any condition set out in Section 7.3 (*Conditions for the Benefit of the Company*) or 7.5 (*Mutual Conditions Precedent*) that has not been waived by that Company is not capable of being satisfied by the Closing Date, provided that the failure to satisfy that condition is not the result, directly or indirectly, of the breach of this Agreement by the Company; or

(4) by Plurilock or the Company, upon written notice to the other Parties, if Closing does not occur on or before September 30, 2022, provided that the Buyer may not terminate this Agreement under this Section 8.1(4) if the failure of the Closing to occur is the result, directly or indirectly, of Plurilock's or the Buyer's breach of this Agreement, and the Company may not terminate this Agreement under this Section if the failure of the Closing to occur is the result, directly or indirectly, of the breach of this Agreement by the Company or the Vendor.

## **Section 8.2 Effect of Termination**

If this Agreement is terminated in accordance with Section 8.1, the Parties will be released from all of their obligations under this Agreement, except that Section 6.10 (*Confidential Information*) will survive the termination of this Agreement and continue in full force and effect, and the termination of this Agreement at any time before the Closing will not relieve any Party from any liability arising before that termination.

## **ARTICLE 9 INDEMNIFICATION AND SURVIVAL**

### **Section 9.1 Company's and Vendor's Indemnification**

Subject to the other provisions of this Article 9, each of the Company and Vendor, jointly and severally, will indemnify and hold harmless each Buyer Indemnified Party from and against any Loss that a Buyer Indemnified Party may suffer as a result of, relating to or arising from:

- (1) any breach of any representation or warranty made by the Company or the Vendor in this Agreement or in any other agreement or document delivered pursuant to this Agreement;
- (2) any non-performance of any covenant or agreement of the Company or the Vendor contained in this Agreement or in any other agreement or document delivered pursuant to this Agreement;
- (3) the ownership, possession or operation of the Purchased Assets or the Business before the Closing, except for Losses that are, or relate to any, Assumed Liabilities;
- (4) any Pre-Closing Taxes;

- (5) any Claim in respect of any employee matter to the extent based upon facts or circumstances in existence before the Closing Time and whether disclosed to the Buyer or not; and
- (6) any Employee who is not a Transferred Employee.

### **Section 9.2 Buyer's Indemnification**

Subject to the other provisions of this Article 9, the Buyer will indemnify and hold harmless each Vendor Indemnified Party from and against any Loss that a Vendor Indemnified Party may suffer as a result of, relating to or arising from:

- (1) any breach of any representation or warranty made by the Buyer in this Agreement or in any other agreement or document delivered pursuant to this Agreement;
- (2) any non-performance of any covenant or agreement of the Buyer contained in this Agreement or in any other agreement or document delivered pursuant to this Agreement;
- (3) the ownership, possession or operation of the Purchased Assets or the Business following the Closing; and
- (4) any Assumed Liabilities.

### **Section 9.3 Survival Periods for Claims by Buyer Indemnified Parties**

- (1) The covenants, representations and warranties made by the Company in this Agreement or in any other agreement or document delivered pursuant to this Agreement will survive the Closing and completion of the transactions contemplated by this Agreement, and will continue in full force and effect subject to the limitations set forth in Section 9.3(2) and Section 9.3(3).
- (2) Subject to Section 9.3(3), a Buyer Indemnified Party may make an Indemnity Claim relating to the following matters only if an Indemnity Notice of that Indemnity Claim is delivered to the Company within the following periods or before the following deadlines:
  - (a) if the Indemnity Claim relates to any breach of any representation or warranty made by the Company in this Agreement or in any other agreement or document delivered pursuant to this Agreement, other than a breach specified in the remainder of this Section 9.3(2), within 18 months after the Closing Date;
  - (b) if the Indemnity Claim relates to any breach of the Fundamental Representations and Warranties (but excluding Section 4.12 (*Tax Matters*)), within 24 months after the Closing Date; or
  - (c) if the Indemnity Claim relates to any breach of the representations and warranties made in Section 4.12 (*Tax Matters*) or relates to Pre-Closing Taxes, on or before the date that is 90 days after the last day upon which any relevant Governmental Authority is entitled to assess or reassess the Buyer for the relevant Tax.

(3) The notice periods set out in Section 9.3(2) will not apply to an Indemnity Claim based on intentional misrepresentation or fraud by the Company relating to this Agreement or in any other agreement or document delivered pursuant to this Agreement.

#### **Section 9.4 Survival Periods for Claims by Vendor Indemnified Parties**

(1) The covenants, representations and warranties made by the Buyer in this Agreement or in any other agreement or document delivered pursuant to this Agreement will survive the Closing and completion of the transactions contemplated by this Agreement, and will continue in full force and effect.

(2) Subject to Section 9.4(3), a Vendor Indemnified Party may make an Indemnity Claim under Section 9.2(1) only if an Indemnity Notice of that Indemnity Claim is delivered to the Buyer as Indemnifying Party within 24 months after the Closing Date.

(3) The notice period set out in Section 9.4(2) will not apply to an Indemnity Claim based on intentional misrepresentation or fraud by the Buyer relating to this Agreement or in any other agreement or document delivered pursuant to this Agreement.

#### **Section 9.5 Amount Limitations on Indemnification Obligations**

(1) Subject to Section 9.5(2), the indemnification obligations of the Company under this Article 9 are limited in the aggregate to the sum of \$300,000.

(2) If any Indemnity Claims are made by a Buyer Indemnified Party against the Company:

- (a) relating to the non-performance of any covenant or agreement of the Company,
- (b) under Section 9.1(3), Section 9.1(4), or Section 9.1(5),
- (c) relating to any breach of the Fundamental Representations and Warranties, or
- (d) based on intentional misrepresentation or fraud,

then the limitations in Section 9.5(1) will not apply to those Indemnity Claims.

(3) Neither Party will be required to indemnify the other Party's Indemnified Parties under this Article 9 unless the aggregate of all Losses under the Indemnity Claims made by the other Party's Indemnified Parties exceeds \$20,000 in which case the Indemnifying Party will only be obligated to pay the amount owing by it under this Article 9 in respect of those Losses in excess of that first \$20,000.

#### **Section 9.6 Rules Relating to Indemnification Obligations**

The following will apply to the indemnification obligations under this Article 9.

(1) **Effect of Waiver.** The waiver of any condition relating to any representation, warranty or covenant will not affect the right to indemnification under this Article 9 based on that representation, warranty or covenant.

- (2) **Insurance Recoveries.** The amount of any Loss under an Indemnity Claim will be net of any amounts actually recovered by the Indemnified Party under insurance policies with respect to that Loss.
- (3) **No Double Recovery.** No Indemnified Party is entitled to double recovery for any Indemnity Claim even though the Indemnity Claim may have resulted from the breach or inaccuracy of more than one of the representations, warranties, covenants and obligations of the Indemnifying Party under this Agreement.
- (4) **Materiality.** In the case of an Indemnity Claim by a Buyer Indemnified Party under this Article 9 for breach by the Company or any of them of a representation or warranty that is qualified by materiality or Material Adverse Effect, the Buyer Indemnified Party will be entitled to claim the full amount of the Loss resulting from that breach without regard to the materiality or Material Adverse Effect qualifier. However, the determination under this Article 9 of whether there has been a breach of a representation or warranty that is qualified by materiality or Material Adverse Effect will be made having regard to the materiality or Material Adverse Effect qualifier.
- (5) **Remoteness and Mitigation.** The quantum of Losses that can be recovered by an Indemnified Party under this Article 9 will not be affected by the application of principles of remoteness of damages, or the duty to mitigate.
- (6) **Set-off.** The Buyer will be entitled to set-off the amount payable to it under Section 3.3(4) (*Closing Consideration*), Section 3.4(3) (*Dispute Settlement*) and Section 9.8 (*Payment of Claims*), as damages or by way of indemnification, against any other amounts payable at any time by the Buyer to the Company (including against the Holdback Amount and the Earnouts) whether under this Agreement, or otherwise.

### **Section 9.7 Notice of Indemnity Claims**

- (1) If an Indemnified Party becomes aware of a Loss or potential Loss in respect of which an Indemnifying Party has agreed to indemnify it under this Article 9, the Indemnified Party will promptly give written notice (an “**Indemnity Notice**”) of its Claim or potential Claim for indemnification (an “**Indemnity Claim**”) to the Indemnifying Party. An Indemnity Notice must specify whether the Indemnity Claim arises as the result of a Claim made against an Indemnified Party by a Person who is not a Party, or as a result of a Loss that was suffered directly by an Indemnified Party, and must also specify with reasonable particularity (to the extent that the information is available):
  - (a) the factual basis for the Indemnity Claim; and
  - (b) the amount of the Indemnity Claim, if known.
- (2) If, through the fault of the Indemnified Party, the Indemnifying Party does not receive an Indemnity Notice of an Indemnity Claim in time to effectively contest the determination of any liability capable of being contested, the Indemnifying Party will be entitled to set-off against the amount claimed by the Indemnified Party the amount of any Loss incurred by the Indemnifying Party resulting from the Indemnified Party’s failure to give an Indemnity Notice on a timely basis.

### **Section 9.8 Payment of Claims**

Once the validity and amount of an Indemnity Claim has been finally determined, by agreement between the Indemnifying Party and the Indemnified Party, by binding, final and non-appealable determination, or by settlement, then the Indemnifying Party will promptly pay that amount to the Indemnified Party.

### **Section 9.9 Indemnity Adjustments to Purchase Price**

Any payment made to a Buyer Indemnified Party under this Article 9 will constitute a decrease to the Purchase Price, and any payment made to a Vendor Indemnified Party under this Article 9 will constitute an increase to the Purchase Price.

### **Section 9.10 Exclusive Remedy**

(1) Subject to Section 9.10(2), if the Closing occurs the rights of indemnity in this Article 9 will be the sole and exclusive remedy of any Company or any third party beneficiary of the Company for any breach of a representation or warranty, or non-performance of any covenant or agreement, contained in this Agreement or in any other agreement or document delivered pursuant to this Agreement and the Company waives any other recourse or remedy it may have in contract, tort or otherwise.

(2) Nothing in this Section 9.10 will limit or restrict an Indemnified Party from seeking:

- (a) equitable remedies, under Section 10.14 (*Equitable Remedies*) or otherwise; or
- (b) any remedies that may be available to an Indemnified Party in the case of fraud.

### **Section 9.11 Third Party Indemnification**

To ensure that the indemnities provided by each of the Company and the Buyer to any Indemnified Parties that are not parties to this Agreement are enforceable, it is agreed by the Parties that the Company is acting as agent for its Vendor Indemnified Parties (that are not Parties), and the Buyer is acting as agent for its Buyer Indemnified Parties (that are not Parties), with respect to the indemnities intended to be given to those Persons under this Article 9. Each of the Company and the Buyer agrees that it will hold any right to indemnification that any relevant Indemnified Party is intended to have under this Article 9 in trust for that Person, and that funds received by the Company or the Buyer in respect of any Claims under this Article 9 by the relevant Indemnified Party will be held in trust for that Person.

## **ARTICLE 10 GENERAL**

### **Section 10.1 Guarantee**

Plurilock hereby absolutely, unconditionally and irrevocably guarantees to the Company the prompt, full and timely performance of all of the obligations and agreements of the Buyer under this Agreements, including the Buyer's payment of the Purchase Price and the covenants of the

Buyer and the indemnity obligations and the Company shall be entitled to enforce their rights against Plurilock. The liability of Plurilock hereunder shall not be limited, released, discharged or in any way affected by (a) the failure of the Company to assert any claim or demand or enforce any right or remedy against Plurilock or the Buyer or any other person or entity with respect to the obligations earned and owing to the Company under this Agreement; (b) any extensions or renewals of the obligations earned and owing to the Company under this Agreement; (c) any rescissions, waivers, amendment or novation of the Agreement or any payments thereunder; (d) any change in the corporate existence, structure or ownership of Plurilock or the Buyer; (e) the insolvency, bankruptcy, reorganization, winding-up, liquidation, dissolution or other similar proceedings affecting Plurilock or the Buyer; or (f) the Company having granted time or other indulgences to Plurilock or the Buyer. For the avoidance of doubt, to the extent any amounts due under this Agreement have been paid by Buyer, Plurilock will no longer be liable or responsible to pay such amounts.

### Section 10.2 Time of Essence

Time is of the essence in all respects of this Agreement.

### Section 10.3 Notices

Any Communication must be in writing and either delivered personally or by courier, sent by prepaid registered mail; or transmitted by e-mail or functionally equivalent electronic means of transmission, charges (if any) prepaid. Any Communication must be sent to the intended recipient at its address as follows:

If to the Company:

Atrion Communication Resources, Inc.  
185-I Industrial Parkway  
Branchburg, NJ 08876

Attn: [REDACTED]  
Email: [REDACTED]

Redacted for confidentiality reasons

with a copy, which shall not constitute notice, to:

[REDACTED]

Attn: [REDACTED]  
Email: [REDACTED]

Redacted for confidentiality reasons

If to the Buyer and Plurilock:

Plurilock Security Inc.  
1021 West Hastings Street  
MNP Tower, 9th Floor

Vancouver, BC  
V6E 0C3

Attention: Ian L. Paterson

Email: [REDACTED]

Redacted for confidentiality reasons

with a copy, which shall not constitute notice, to:

McMillan LLP  
Royal Centre, 1055 West George Street  
Suite 1500, PO Box 11117  
Vancouver, BC  
Canada V6E 4N7

Attention: Marina Tran

Email: [REDACTED]

Redacted for confidentiality reasons

or at any other address as any Party may at any time advise the other by Communication given or made in accordance with this Section 10.3. Any Communication delivered to the Party to whom it is addressed will be deemed to have been given or made and received on the day it is delivered at that Party's address, provided that if that day is not a Business Day then the Communication will be deemed to have been given or made and received on the next Business Day. Any Communication sent by prepaid registered mail will be deemed to have been given or made and received on the fifth Business Day after which it is mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every Communication must be delivered personally or by courier or transmitted by e-mail or functionally equivalent electronic means of transmission. Any Communication transmitted by e-mail or other functionally equivalent electronic means of transmission will be deemed to have been given or made and received on the day on which it is transmitted; but if the Communication is transmitted on a day that is not a Business Day or after 4:00 pm (local time of the recipient), the Communication will be deemed to have been given or made and received on the next Business Day.

#### **Section 10.4 Severability**

Each provision of this Agreement is distinct and severable. If any provision of this Agreement, in whole or in part, is or becomes illegal, invalid, void, voidable or unenforceable in any jurisdiction by any court of competent jurisdiction, the illegality, invalidity or unenforceability of that provision, in whole or in part, will not affect the legality, validity or enforceability of the remaining provisions of this Agreement, in whole or in part; or the legality, validity or enforceability of that provision, in whole or in part, in any other jurisdiction.

#### **Section 10.5 Arbitration**

Unless otherwise expressly provided in this Agreement or agreed in writing by the Parties and the Parties unable to amicably settle a Dispute within 15 days, all disputes, disagreements, controversies, questions or claims of the Company, on the one hand, and the Buyer on the other hand, relating to this Agreement (hereinafter referred to as a "**Dispute**"), shall be resolved by arbitration in accordance with the then-applicable Commercial Arbitration Rules of the American

Arbitration Association (“AAA Rules”). Unless otherwise agreed by Parties, the arbitration shall be conducted in the City of Los Angeles, California by a sole arbitrator (hereinafter referred to as the “Arbitrator”). The Arbitrator shall be appointed in accordance with the AAA Rules. The Arbitrator shall follow the then-applicable ICDR Guidelines for Arbitrators Concerning Exchanges of Information in managing and ruling on requests for discovery. The Arbitrator, by accepting appointment, shall undertake to exert her or his best efforts to conduct the process so as to issue an award within six (6) months of her or his appointment, but failure to meet that timetable shall not affect the validity of the award. The award of the Arbitrator may be entered in any court of competent jurisdiction. The resolution of Disputes pursuant to this Section shall be final and binding upon the Parties, and there shall be no appeal therefrom, including, without limitation, any appeal to a court on a question of law, a question of fact or a question of mixed fact and law.

### **Section 10.6 Governing Law and Jurisdiction**

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the State of California (without giving effect to principles of conflict of laws) and the federal laws of the United States applicable therein. The Parties irrevocably agree that any claim arising out of or in connection with this Agreement shall exclusively be brought in any state or federal court located in or serving Los Angeles County, California (or in any court in which appeal from such courts may be taken).

### **Section 10.7 Amendment and Waiver**

No amendment, discharge, restatement, supplement, termination or waiver of this Agreement or any provision of this Agreement is binding unless it is in writing and executed by the Party to be bound. No waiver of, failure to exercise or delay in exercising, any provision of this Agreement constitutes a waiver of any other provision (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

### **Section 10.8 Further Assurances**

Each Party will, at the requesting Party’s expense, execute and deliver any further agreements and documents and provide any further assurances, undertakings and information as may be reasonably required by the requesting Party to give effect to this Agreement.

### **Section 10.9 Assignment and Enurement**

Neither this Agreement nor any right or obligation under this Agreement may be assigned by either Party without the prior written consent of the other Party. This Agreement enures to the benefit of and is binding upon the Parties and their respective Successors.

### **Section 10.10 Entire Agreement**

This Agreement, the Disclosure Letter, and the agreements, instruments and documents required to be delivered hereunder, constitute the entire agreement between the Parties with respect to the subject-matter hereof and supersede all prior agreements and understandings between the Parties with respect to the subject matter hereof. This Agreement may not be amended or modified in any respect except by written instrument signed by the Parties.

### **Section 10.11 Counterparts**

This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be executed and/or delivered by PDF, DocuSign, e-mail or other functionally equivalent electronic means, and those counterparts will together constitute one and the same instrument.

### **Section 10.12 Public Notice**

All public notices to third parties and all other announcements, press releases and publicity concerning this Agreement or the transactions contemplated by this Agreement, must be jointly planned and co-ordinated by the Parties, and no Party will act unilaterally in this regard without the prior consent of the other Party unless, and only to the extent that, disclosure is required to meet the timely disclosure obligations of the Buyer under Applicable Securities Laws or stock exchange rules in circumstances where prior consultation with the other Party is not practicable, or the disclosure is to the Party's board of directors, senior management and its legal, accounting, financial or other professional advisers.

### **Section 10.13 Costs and Expenses**

Except as otherwise specified in this Agreement, and without limiting the indemnification provisions in Article 9 (*Indemnification and Survival*), all costs and expenses (including the fees and disbursements of accountants, financial advisors, legal counsel and other professional advisors) incurred in connection with the negotiation and settlement of this Agreement, and the completion of the transactions contemplated by this Agreement, are to be paid by the Party incurring those costs and expenses.

### **Section 10.14 Equitable Remedies**

The Parties acknowledge that the failure to comply with a covenant or obligation contained in this Agreement may give rise to irreparable injury to a Party, inadequately compensable in damages. Accordingly, a Party may seek to enforce the performance of this Agreement by injunction or specific performance upon application to a court of competent jurisdiction without proof of actual damage (and without the requirement of posting bond or other security).

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

Each of the Parties has executed and delivered this Agreement as of the date noted at the beginning of this Agreement.

**PLURILOCK SECURITY INC.**

By: *"Ian Paterson"*

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Name: Ian L. Paterson

Title: Chief Executive Officer

**AURORA SYSTEMS CONSULTING, INC.**

By: *"Ian Paterson"*

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Name: Ian L. Paterson

Title: Director

**ATRION COMMUNICATION RESOURCES,  
INC.**

By: *"Pat Grillo"*

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Name: Pat Grillo

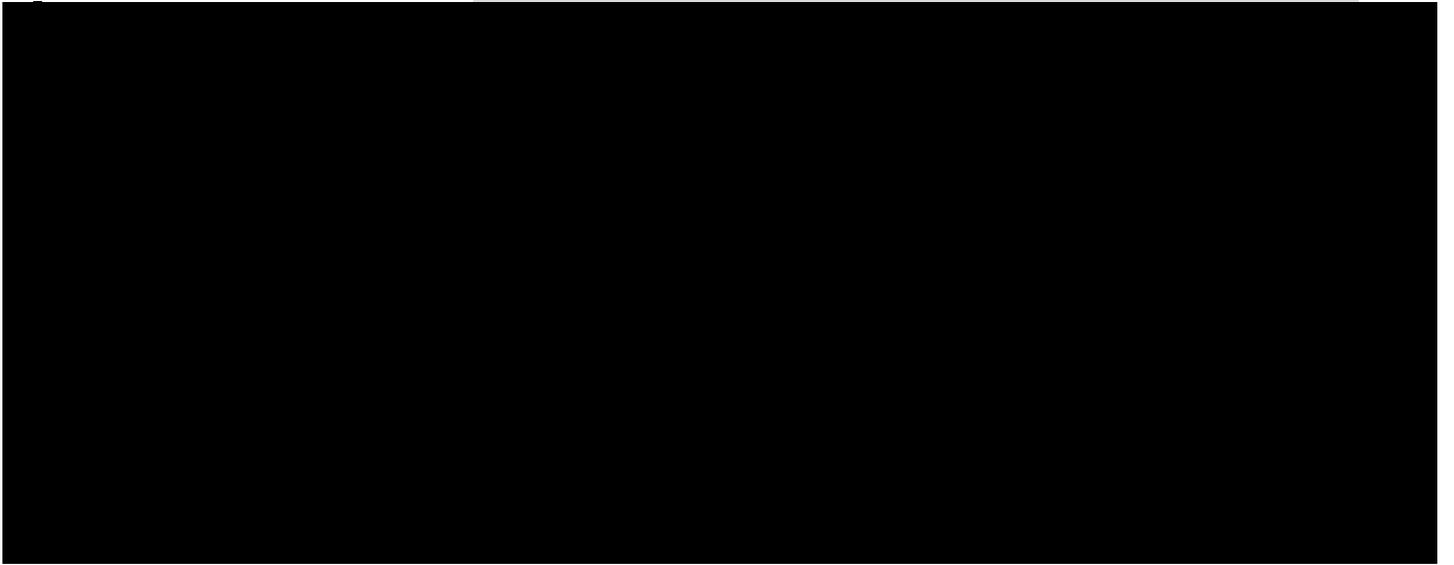
Title: Chief Executive Officer



Redacted for confidentiality  
reasons

**Schedule 1.1(38) – Terms of Employment**

[See Attached]



Redacted for confidentiality reasons

### Schedule 3.2 – Estimated Statement

This estimated statement (this “**Estimated Statement**”) contains the Seller’s calculation of each of the items required to be set forth in the Estimated Statement as defined in Section 3.2 of the Asset Purchase Agreement (the “**Agreement**”), dated as of August 8, 2022, by and among Aurora Systems Consulting Inc., (“**Purchaser**”), Plurilock Security Inc., Atrion Communication Resources, Inc. (the “**Company**”) and [REDACTED] (the “**Vendor**”). The Vendor certifies that this Estimated Statement was prepared in accordance in all material respects with prior year procedures applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies. Capitalized terms used and not otherwise defined herein have the meanings given to such terms in the Agreement. All amounts are in United States Dollars. Redacted for confidentiality reasons

#### I. Calculation of Net Working Capital as of [●], 2022<sup>1</sup>

##### Current Assets

Cash and cash equivalents	\$[●]
Accounts receivable	\$[●]
Undeposited funds	\$[●]
Allowance for doubtful accounts	\$[●]
Miscellaneous Receivable	\$[●]
Employee Advances	\$[●]
Prepaid cost of goods sold	\$[●]
Unexpired Insurance	\$[●]
Prepaid Federal income tax	\$[●]
Prepaid sales tax	\$[●]
Prepaid expenses	\$[●]
<b>Total Current Assets</b>	<b>\$[●]</b>
<b>Less Current Liabilities</b>	
Accounts Payable	\$[●]
Miscellaneous Payables	\$[●]
Rebates Payable	\$[●]

<sup>1</sup> Subject to revisions upon receipt of Closing Balance Sheet

Accrued Liabilities	\$[●]
Customer Deposits	\$[●]
State unemployment insurance payable	\$[●]
Local tax payable	\$[●]
State tax payable	\$[●]
<b>Total Current Liabilities</b>	<b>\$[●]</b>
<b>Estimated Net Working Capital</b>	<b><u>\$[●]</u></b>

## II. Calculation of Closing Date Payment

Base Purchase Price	\$3,700,000
If Estimated Net Working Capital $\geq$ Target Net Working Capital then add the difference between Estimated Net Working Capital and Target Net Working Capital = \$[●]	\$[●]
If Estimated Net Working Capital $<$ Target Net Working Capital then subtract the difference between Estimated Net Working Capital and Target Net Working Capital = (\$[●])	
Holdback	(\$300,000)
Closing Consideration Shares on Closing	(\$300,000)
Cash payment to be paid 90 days following Closing	(\$500,000)
Deferred Consideration Shares	(\$300,000)
Cash Earnout	(\$600,000)
<b>Total Closing Date Payment</b>	<b><u>\$[●]</u></b>

### Schedule 3.5 – Purchase Price Allocation Methodology

Asset Class*	Valuation Methodology
I. Cash and Cash Equivalents	Net Book Value
II. Actively Traded Personal Property (e.g., publicly traded stock)	Fair Market Value
III. Accounts Receivable	Fair Market Value
IV. Inventory	Fair Market Value
V. Prepays, Deferred Tax Asset, Fixed Assets (e.g. office equipment, furniture & fixtures, vehicles, leasehold improvements, service equipment, capital lease equipment)	Net Book Value
VI. Section 197 Intangibles	Fair Market Value
VII. Goodwill and Going Concern Value	Remainder of Purchase Price

**\*Note:**

<https://www.irs.gov/pub/irs-pdf/i8594.pdf> for detailed classification of asset classes

## Exhibit 7.1(8)(e) – Assignment of Intellectual Property Agreement

### ASSIGNMENT OF INTELLECTUAL PROPERTY

This **ASSIGNMENT OF INTELLECTUAL PROPERTY** (“Assignment”) is made as of [●], 2022, by Atrion Communication Resources, Inc., a corporation organized under the laws of the the State of New Jersey (“Assignor”) and Aurora Systems Consulting, Inc., a corporation organized under the laws of the State of California (“Assignee”).

**WHEREAS**, pursuant to, and subject to the terms and conditions of, that certain Asset Purchase Agreement, dated as of August 8, 2022, by and among Assignee, Assignor and Plurilock Security Inc. (the “Purchase Agreement”), Assignor has agreed to sell, convey, assign, transfer and deliver to Assignee, free and clear of any Encumbrances, all of Assignor’s right, title and interest in and to the Business Intellectual Property;

**WHEREAS**, this Assignment is being executed and delivered pursuant to Section 7.1(7)(e) of the Purchase Agreement; and

**WHEREAS**, capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.

**NOW THEREFORE**, in consideration of terms, conditions and covenants set forth herein and in the Purchase Agreement, the benefits to be gained by the performance thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby agree as follows:

1. Assignment. Assignor hereby sell, convey, assign, transfer and deliver to Assignee, free and clear of any Encumbrances, all of Assignor’s right, title and interest in and to the Business Intellectual Property. Assignee hereby accepts the assignment granted to it herein.

2. Cooperation. Assignor agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and documents and to perform such further acts as may be reasonably requested by Assignee to effect more fully the transactions contemplated by this Assignment.

3. Terms of the Purchase Agreement. Nothing contained in this Assignment shall be deemed to supersede, modify, limit, extend, add to, amend or in any way affect any of the rights or obligations of any party under the Purchase Agreement. In the event of a conflict between the terms and provisions of this Assignment and the Purchase Agreement, the terms and provisions of the Purchase Agreement shall govern and control.

4. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignee and Assignor and their respective successors and permitted assigns.

5. Governing Law. This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the State of California (without giving effect to principles of conflict of laws) and the federal laws of the United States applicable therein. The parties irrevocably agree that any claim arising out of or in connection with this Agreement shall exclusively be brought in any state or federal court located in or serving Los Angeles County, California (or in any court in which appeal from such courts may be taken).

6. Amendment. Any waiver, amendment, modification or supplement of or to this Assignment shall be effective only if in writing and signed by all parties to this Assignment.

7. Severability. In the event that any provision in this Assignment shall be determined to be invalid, illegal or unenforceable in any respect, the remaining provisions of this Assignment shall not be in any way impaired, and the illegal, invalid or unenforceable provision shall be fully severed from this Assignment and there shall be automatically added a replacement provision as similar in terms and intent to such severed provision as may be legal, valid and enforceable.

8. Counterparts. This Assignment may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties hereto.

*[signature block]*

## Exhibit Section 7.1(8)(f) – General Assignment and Bill of Sale

### GENERAL ASSIGNMENT AND BILL OF SALE

#### RECITALS

- A. Atrion Communication Resources, Inc. (the “**Company**”), Aurora Systems Consulting, Inc. (the “**Buyer**”) and Plurilock Security Inc. have entered into an Asset Purchase Agreement dated as of the \_\_\_\_ day of August, 2022 (the “**Purchase Agreement**”) pursuant to which the Company agreed to sell, transfer, convey, assign and deliver to the Buyer, and the Buyer agreed to purchase, the Purchased Assets from the Company as of the Closing.
- B. The Company desires to transfer and assign the Purchased Assets to the Buyer and the Buyer desires to accept the sale, transfer, conveyance, assignment and delivery thereof.
- C. It is a condition of the closing of the transactions contemplated by the Purchase Agreement that the Company execute and deliver this General Assignment and Bill of Sale.

**FOR VALUE RECEIVED**, the Parties agree as follows:

1. Definitions - Capitalized terms not defined herein shall have the meanings given to them in the Purchase Agreement.
2. Transfer - The Company hereby irrevocably sells, transfers, conveys, assigns and delivers to the Buyer as of the Closing all of the Company’s right, title and interest in, to, and under the Purchased Assets TO HAVE AND TO HOLD the same unto the Buyer, forever; with the intent that the Buyer shall, immediately after the execution and delivery of this General Assignment and Bill of Sale, have possession of, and may from time to time, and at all times hereafter, peaceably and quietly have, hold, possess, and enjoy the Purchased Assets and every part thereof, to and for its own use and benefit, without any manner of hindrance, interruption, molestation, claim or demand whatsoever of, from or by the Company or any person or persons whomsoever claiming under or through the Company. The Buyer hereby accepts the sale, transfer, conveyance, assignment and delivery of the Purchased Assets.
3. Further Assurances - At any time or from time to time after the date hereof, at the reasonable request of the Buyer, the Company shall execute and deliver to the Buyer such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as the Buyer may reasonably deem necessary or desirable in order to more effectively transfer, convey, assign and deliver to the Buyer and to confirm the Buyer’s title in, to and under, all of the Purchased Assets, and, to the full extent permitted by law, to put the Buyer in actual possession and operating control of the Purchased Assets and to assist the Buyer in exercising all rights with respect thereto.
4. Inconsistency - This General Assignment and Bill of Sale is being delivered pursuant to and subject to the terms and conditions of the Purchase Agreement. If there is any inconsistency between this General Assignment and Bill of Sale and the Purchase Agreement, the Purchase Agreement shall prevail.

5. Enurement - This General Assignment and Bill of Sale enures to the benefit of and binds the Parties hereto and their respective successors and permitted assigns.
6. Counterparts and Facsimile - This General Assignment and Bill of Sale may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. A party's transmission by PDF of a copy of this General Assignment and Bill of Sale duly executed by that party shall constitute effective delivery by that party of an executed copy of this General Assignment and Bill of Sale to the party receiving the transmission.
7. Governing Law - This General Assignment and Bill of Sale is governed by, and is to be construed and interpreted in accordance with, the laws of the State of California (without giving effect to principles of conflict of laws) and the federal laws of the United States applicable therein. The Parties irrevocably agree that any claim arising out of or in connection with this Agreement shall exclusively be brought in any state or federal court located in or serving Los Angeles County, California (or in any court in which appeal from such courts may be taken).
8. Headings - The division of this General Assignment and Bill of Sale into sections and the insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of this General Assignment and Bill of Sale.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 2022

*[signature block]*

**Exhibit 7.1(8)(i) – Form of Non-Competition, Non-Solicitation Agreement**

**NON-COMPETITION, NON-DISCLOSURE AND NON-SOLICITATION AGREEMENT**

**THIS AGREEMENT** is dated as of *[closing date]*.

**BETWEEN:**

██████████ (the “**Restricted Party**”)

Redacted for confidentiality reasons

- and -

**Plurilock Security Inc.**, a corporation existing under the laws of the Province of British Columbia (“**Plurilock**”)

- and -

**Aurora Systems Consulting, Inc.**, a corporation existing under the laws of the State of California (the “**Aurora**” and together with Plurilock, the “**Buyers**”)

**CONTEXT:**

A. Under the terms of an asset purchase agreement (the “**Purchase Agreement**”) dated August 8, 2022 among Atrion Communication Resources, Inc. (the “**Company**”), ██████████, Plurilock and Aurora, Aurora agreed to buy substantially all of the assets underlying the Business (as defined herein).

Redacted for confidentiality reasons

B. Aurora is a wholly-owned subsidiary of Plurilock.

C. It is a condition precedent to the completion of the transactions contemplated by the Purchase Agreement that the Restricted Party execute and deliver this Agreement to ensure that the goodwill of the Business is transferred to Aurora as intended by the Parties.

**THEREFORE**, the Parties agree as follows:

**ARTICLE 1 INTERPRETATION**

**1.1 Definitions**

In this Agreement, in addition to the terms defined elsewhere in this Agreement, the following terms have the following meanings:

1.1.1 “**Affiliate**” means an affiliate as that term is defined in the *Business Corporations Act* (British Columbia).

1.1.2 “**Agreement**” means this agreement as it may be confirmed, amended, supplemented or restated by written agreement between the Parties.

1.1.3 “**Business**” means the business conducted by the Company prior to the date hereof.

- 1.1.4 “**Business Day**” means any day excluding a Saturday, Sunday or statutory holiday in the Province of British Columbia or the State of California.
- 1.1.5 “**Communication**” means any notice, demand, request, consent, approval or other communication which is required or permitted by this Agreement to be given or made by a Party.
- 1.1.6 “**Confidential Information**” means any information relating to the Business including but not limited to the assets, business plans, Customers, Employees, equipment, financial statements and financial performance, intellectual property, inventory, market strategies, operations, pricing, products, suppliers, and trade secrets, whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, and whether or not designated, marked, labelled or identified as confidential or proprietary, including:
- 1.1.6.1 Personal Information; and
  - 1.1.6.2 all analyses, compilations, records, data, reports, correspondence, memoranda, specifications, materials, applications, technical data, studies, derivative works, reproductions, copies, extracts, summaries or other documents containing or based upon, in whole or in part, any of the information listed above in this Section 1.1.6,  
  
but excluding information, other than Personal Information, which:
    - 1.1.6.3 was available to or known by the public before the closing of the transactions under the Purchase Agreement;
    - 1.1.6.4 is or was obtained from a source other than the Buyers or the Business; or
    - 1.1.6.5 is or becomes available to or known by the public other than as a result of improper disclosure by the Restricted Party or any Representative of the Restricted Party.
- 1.1.7 “**Customer**” means any Person who is currently or has been at any time a customer or of the Business of the Company since January 1, 2020 and includes all prospective customers, clients, leads and opportunities who have been canvassed or solicited in connection with the Business, except for any who have definitively indicated a choice not to become customers or clients of the Company.
- 1.1.8 “**Employee**” means any employee or independent contractor employed, engaged or retained by the Buyers in connection with the Business on a full-time or on a part-time basis, including any who are on medical or long-term disability leave, or other statutory or authorized leave or absence.

1.1.9 “**Governmental Authority**” means:

1.1.9.1 any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and

1.1.9.2 any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

1.1.10 “**Parties**” means the Restricted Party, Plurilock and Aurora collectively, and “**Party**” means any one of them.

1.1.11 “**Person**” will be broadly interpreted and includes:

1.1.11.1 a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;

1.1.11.2 a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and

1.1.11.3 a Governmental Authority.

1.1.12 “**Personal Information**” means information relating to identifiable individuals.

1.1.13 “**Provider**” means a third party service provider.

1.1.14 “**Purchase Agreement**” means this asset purchase agreement.

1.1.15 “**Representatives**” means the Affiliates of a Party and the advisors, agents, consultants, directors, officers, management, employees, subcontractors, and other representatives, including accountants, auditors, financial advisors, lenders and lawyers of a Party and of that Party’s Affiliates.

1.1.16 “**Secondary Information**” has the meaning ascribed to it in Section 2.6.2.

1.1.17 “**Territory**” means Canada and the States of .

## ARTICLE 2 COVENANTS OF THE RESTRICTED PARTY

### 2.1 Non-Competition

The Restricted Party agrees with each of the Buyers to not, for a period of 24 months from the date of this Agreement, in any capacity or manner, whether directly or indirectly, individually or in partnership or otherwise jointly or in concert with any other Person:

- 2.1.1 advise, be engaged or interested in, be concerned or associated with, or carry on;
- 2.1.2 lend money to, provide financial assistance to, or guarantee the debts or obligations of; or
- 2.1.3 permit their name or any part of that name to be used or employed by any Person in connection with,

a business that competes with the Business within the Territory.

### 2.2 Portfolio Exemption

There will be no default under Section 2.1 by virtue of the Restricted Party holding, as a passive investor only, not more than five (5) percent in the aggregate (including securities held by any Persons acting jointly or in concert with the Restricted Party) of the issued and outstanding securities of a Person, the securities of which are listed on a recognized stock exchange or an organized securities market.

### 2.3 Non-Solicitation of Customers

The Restricted Party agrees with each of the Buyers to not, for a period of 24 months from the date of this Agreement, in any capacity or manner, whether directly or indirectly, individually or in partnership or otherwise jointly or in concert with any other Person:

- 2.3.1 solicit any Customer or knowingly assist any Person directly or indirectly to solicit any Customer, if that solicitation is intended or calculated to obtain the custom or trade of that Customer for a business that competes with the Business; or
- 2.3.2 induce or attempt to induce any Customer to reduce or curtail such Customer's business with the Business or either of the Buyers.

### 2.4 Non-Solicitation of Employees

The Restricted Party agrees with each of the Buyers to not, for a period of 24 months from the date of this Agreement, in any capacity or manner, whether directly or indirectly, individually or in partnership or otherwise jointly or in concert with any other Person:

- 2.4.1 induce or encourage any Employee to leave the employment of either of the Buyers, or authorize, assist, approve or encourage this action by any other Person; or
- 2.4.2 hire or attempt to hire or otherwise solicit any Employee, or authorize, assist, approve or encourage this action by any other Person.

## 2.5 General Solicitation of Employment Exemption

There will be no default under Section 2.4 by virtue of the Restricted Party making general solicitations of employment in the ordinary course of businesses (such as general newspaper advertisements, posts, or similar solicitations or recruiting activities for available positions).

## 2.6 Confidentiality

2.6.1 The Restricted Party acknowledge and agree that:

2.6.1.1 in the course of the association of the Restricted Party the Business and the Company, as applicable, the Restricted Party has acquired Confidential Information; and

2.6.1.2 each of the Buyers has all rights to use and possession of, title to and ownership of the Confidential Information and the Restricted Party will deliver all of the Confidential Information in written, electronic form or other media that each possesses promptly to the Buyers upon the completion of the transactions contemplated by the Purchase Agreement.

Accordingly, the Restricted Party agrees to hold in strict confidence and not disclose or use, and the Restricted Party will not allow any of its Representatives to disclose or use, any Confidential Information, for any purpose, except as provided in this Section 2.6.

2.6.2 The Parties acknowledge that the computers and data storage and retrieval systems or network of the Restricted Party and, if applicable, the Restricted Party's Representatives, may automatically back up Confidential Information stored in electronic form. The Parties agree that to the extent that those back-up procedures automatically create electronic copies of Confidential Information ("**Secondary Information**"), the Restricted Party and, if applicable, the Restricted Party's Representatives, may, despite any requirement under this Agreement to deliver all of the Confidential Information, retain Secondary Information in its archival storage for the period that it would normally archive electronic data, provided that those data are periodically and systematically overwritten or otherwise destroyed. Secondary Information will be subject to the provisions of this Agreement until destroyed and may not be accessed by the Restricted Party and, if applicable, the Restricted Party's Representatives during its period of archival storage.

2.6.3 Use of Confidential Information by, or disclosure of Confidential Information to, any Person that is not a Party to this Agreement or is not a Representative of the Restricted Party permitted by the Restricted Party to have access to the Confidential Information, that results from a breach of the electronic security of the computers and data storage and retrieval systems or network of the Restricted Party or, if applicable, any Representative of the Restricted Party, will be treated as a disclosure by the Restricted Party contrary to the terms of this Agreement, whether or not the breach results from a failure by the Restricted Party or, if applicable, any Representative of the Restricted Party, to implement appropriate security measures consistent with best practices or otherwise take necessary precautions in

order to secure the Confidential Information, or exercise due diligence in verifying that the Provider had in place appropriate security measures consistent with best practices and would take necessary precautions in order to secure the Confidential Information, as the case may be.

- 2.6.4 If the Restricted Party or any Representative of the Restricted Party is required by any applicable law or by any Governmental Authority to disclose any Confidential Information, the Restricted Party or that Representative will, to the extent reasonably practicable and subject to Section 2.6.5, provide the Buyers with prompt written notice of that requirement, so that the Buyers may contest the disclosure of the Confidential Information and seek an appropriate protective order or other appropriate remedy.
- 2.6.5 If, in the absence of a protective order or other appropriate remedy, the Restricted Party or any Representative of the Restricted Party is, in the reasonable opinion of its lawyers, required by any applicable law or by any Governmental Authority to disclose any Confidential Information, or stands liable for contempt or to suffer other censure or penalty if it does not disclose such Confidential Information, then the Restricted Party or that Representative may, without liability under this Agreement, disclose that portion of the Confidential Information, but only that portion, that the Restricted Party or the Representative is legally required to disclose.
- 2.6.6 The Restricted Party will notify the Buyers immediately upon discovery of any breach of this Section 2.6 or any unauthorized or unlawful disclosure, divulgence, communication or use of any Confidential Information.
- 2.6.7 The obligations and covenants contained in this Section 2.6 will be perpetual.

## **2.7 Covenants Reasonable**

The Restricted Party acknowledges and agrees that:

- 2.7.1 without the covenants included in this Article 2, neither of the Buyers would have entered into the Purchase Agreement;
- 2.7.2 the covenants included in this Article 2 are reasonable in the circumstances and are necessary to protect the economic position of each of the Buyers;
- 2.7.3 a breach of any of the Sections of this Article 2 would cause serious and irreparable harm to each of the Buyers which could not be compensated adequately by monetary damages, and that each of the Buyers may enforce the Sections of this Article 2 by injunction or specific performance upon application to a court of competent jurisdiction without proof of actual damage, and despite that damages may be readily quantifiable, and the Restricted Party will not plead, and the Restricted Party will not permit any of their Representatives to plead, sufficiency of damages as a defence in the proceeding for injunctive relief; and the remedies provided by this Section 2.7 are in addition to, and not a substitute for, any other remedies for breach to which the Buyers would be entitled.

## 2.8 Covenants Independent

The existence of any claim or cause of action of the Restricted Party against either of the Buyers, whether under this Agreement, the Purchase Agreement or otherwise, will not constitute a defence to the enforcement by either of the Buyers of the Sections of this Article 2 against the Restricted Party.

## ARTICLE 3 GENERAL

### 3.1 Notices

Any Communication must be in writing and either delivered personally or by courier, sent by prepaid registered mail; or transmitted by e-mail or functionally equivalent electronic means of transmission, charges (if any) prepaid. Any Communication must be sent to the intended recipient at its address as follows:

If to the Restricted Party:

[■]

Attention: [■]

Email: [■]

If to the Buyer and Plurilock:

Plurilock Security Inc.  
1021 West Hastings Street  
MNP Tower, 9th Floor  
Vancouver, BC  
V6E 0C3

Attention: Ian L. Paterson

Email: [REDACTED]

Redacted for confidentiality reasons

with a copy, which shall not constitute notice, to:

McMillan LLP  
Royal Centre, 1055 West George Street  
Suite 1500, PO Box 11117  
Vancouver, BC  
Canada V6E 4N7

Attention: Marina Tran

Email: [REDACTED]

Redacted for confidentiality reasons

or at any other address as any Party may at any time advise the others by Communication given or made in accordance with this Section 3.1. Any Communication delivered to the Party to whom it is addressed will be deemed to have been given or made and received on the day it is delivered at that Party's address, provided that if that day is not a Business Day then the Communication will

be deemed to have been given or made and received on the next Business Day. Any Communication sent by prepaid registered mail will be deemed to have been given or made and received on the fifth Business Day after which it is mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every Communication must be delivered personally or by courier or transmitted by e-mail or functionally equivalent electronic means of transmission. Any Communication transmitted by e-mail or other functionally equivalent electronic means of transmission will be deemed to have been given or made and received on the day on which it is transmitted; but if the Communication is transmitted on a day that is not a Business Day or after 4:00 pm (local time of the recipient), the Communication will be deemed to have been given or made and received on the next Business Day.

### **3.2 Certain Rules of Interpretation**

In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words “including” or “includes” in this Agreement is to be construed as meaning “including, without limitation” or “includes, without limitation”, respectively. The division of this Agreement into Articles and Sections, the insertion of headings and the inclusion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement. References in this Agreement to an Article, Section, Schedule or Exhibit are to be construed as references to an Article, Section, Schedule or Exhibit of or to this Agreement unless otherwise specified. Unless otherwise specified, any reference in this Agreement to any statute includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute as amended, restated, supplemented, extended, re-enacted, replaced or superseded at any time.

### **3.3 Governing Law and Jurisdiction**

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the State of California (without giving effect to principles of conflict of laws) and the federal laws of the United States applicable therein. The Parties irrevocably agree that any claim arising out of or in connection with this Agreement shall exclusively be brought in any state or federal court located in or serving Los Angeles County, California (or in any court in which appeal from such courts may be taken).

### **3.4 Entire Agreement**

This Agreement, together with the Purchase Agreement, constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no representations, warranties or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement or the Purchase Agreement. No Party has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or contract, with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Agreement or the Purchase Agreement.

### **3.5 Severability**

Each Section of this Agreement is distinct and severable. If any Section of this Agreement, in whole or in part, is or becomes illegal, invalid, void, voidable or unenforceable in any jurisdiction by any court of competent jurisdiction, the illegality, invalidity or unenforceability of that Section, in whole or in part, will not affect the legality, validity or enforceability of the remaining Sections of this Agreement, in whole or in part; or the legality, validity or enforceability of that Section, in whole or in part, in any other jurisdiction.

### **3.6 Amendment and Waiver**

No amendment, discharge, modification, restatement, supplement, termination or waiver of this Agreement or any Section of this Agreement is binding unless it is in writing and executed by each of the Parties. No waiver of, failure to exercise or delay in exercising, any Section of this Agreement constitutes a waiver of any other Section (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

### **3.7 Further Assurances**

Each Party will, at the requesting Party's expense, execute and deliver any further agreements and documents and provide any further assurances, undertakings and information as may be reasonably required by the requesting Party to give effect to this Agreement.

### **3.8 Assignment and Enurement**

Neither this Agreement nor any right or obligation under this Agreement may be assigned by any Party without the prior written consent of the other Parties. This Agreement enures to the benefit of and is binding upon the Parties and their respective heirs, executors, administrators, estate trustees, trustees, personal or legal representatives, successors and permitted assigns.

### **3.9 Counterparts**

This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be executed and/or delivered by PDF, DocuSign, e-mail or other functionally equivalent electronic means, and those counterparts will together constitute one and the same instrument.

### **3.10 No *Contra Proferentem***

This Agreement has been reviewed by each Party's professional advisors, and revised during the course of negotiations between the Parties. Each Party acknowledges that this Agreement is the product of their joint efforts, that it expresses their agreement, and that, if there is any ambiguity in any of its provisions, no rule of interpretation favouring one Party over another based on authorship will apply.

Each of the Parties has executed and delivered this Agreement, as of the date noted at the beginning of this Agreement.

*[signature block]*