

July 25, 2019

D-BOX TECHNOLOGIES INC.
Mr. Claude Mc Master
2172 rue de la Province
Longueuil, Québec, J4G 1R7

Re: Offer of Financing

Dear Mr. Claude Mc Master,

At National Bank of Canada (the “**Bank**”), offering tailored solutions is a priority. We are therefore pleased to present to D-Box Technologies Inc. (the “**Borrower**”) the following offer of financing:

	Financing product(s)	Amount	Status
A	Line of Credit	\$5,000,000.00 CAD	New
B	[Other financing product redacted]		
C	[Other financing product redacted]		

The offer of financing includes: the terms and conditions of the financing products, the required security, conditions, fees and other provisions set out in Schedule A.

This offer of financing is valid until [time and date redacted]. To accept this offer, you must return a signed copy of it to us. After this date, the Bank may cancel or amend this offer without notifying you.

This offer replaces any previous offer or agreement regarding the financing products B and C, including the offer of financing dated [date redacted] (the “**Existing Offer of Financing**”). On the date of satisfaction of the conditions precedent to this offer (the “**Effective Date**”), the terms and provisions of the Existing Offer of Financing shall be and are hereby amended, superseded and restated in its entirety by the terms and provisions of this offer. This offer is not intended to and shall not constitute a novation, payment and reborrowing or termination of the obligations under the Existing Offer of Financing as in effect prior to the Effective Date. All loans made and obligations incurred under the Existing Offer of Financing which are outstanding on the Effective Date shall continue as loans and obligations under (and shall be governed by the terms of) this offer and the other Loan Documents.

Yours truly,

(signed) François-Pierre Dionne
Director

(signed) Tuyen Vo
Associate Vice-President

1. Financing products

A. Line of credit – \$5,000,000.00 (“Facility A”)

Purpose	Repay the Existing Debt (as defined below) on the initial disbursement of the Facilities and finance day-to-day operations.																																										
Interest rate	Canadian Prime Rate plus 2.25% per annum. U.S. Base Rate plus 2.25% per annum.																																										
Amount available	<p>Bank commits to make available a line of credit to the Borrower from time to time during the period commencing on the date on which this offer is executed and delivered by the parties hereto (the “Closing Date”) and ending on the third anniversary of the Effective Date (or, if such third anniversary is not a business day, the next business day thereafter) (the “Maturity Date”) in an aggregate principal amount outstanding up to the amount set forth beside the financing product’s name “Line of Credit” in the table above under the heading “Amount” (the “Commitment”), provided that Bank shall not be required to extend credit hereunder if such extension would result in Bank’s line of credit exposure exceeding (a) such Commitment, or (b) the Borrowing Base (as defined below). Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, repay and reborrow loans under the line of credit (Facility A). Determined according to the conditions set out in Section 3 (Calculation related to the line of credit). The amount of the Commitment shall be decreased as follows:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Reduction</th> <th>Maximum Commitment</th> </tr> </thead> <tbody> <tr> <td>30/09/2019</td> <td>125,000</td> <td>4,875,000</td> </tr> <tr> <td>31/12/2019</td> <td>125,000</td> <td>4,750,000</td> </tr> <tr> <td>31/03/2020</td> <td>125,000</td> <td>4,625,000</td> </tr> <tr> <td>30/06/2020</td> <td>125,000</td> <td>4,500,000</td> </tr> <tr> <td>30/09/2020</td> <td>175,000</td> <td>4,325,000</td> </tr> <tr> <td>31/12/2020</td> <td>175,000</td> <td>4,150,000</td> </tr> <tr> <td>31/03/2021</td> <td>175,000</td> <td>3,975,000</td> </tr> <tr> <td>30/06/2021</td> <td>175,000</td> <td>3,800,000</td> </tr> <tr> <td>30/09/2021</td> <td>200,000</td> <td>3,600,000</td> </tr> <tr> <td>31/12/2021</td> <td>200,000</td> <td>3,400,000</td> </tr> <tr> <td>31/03/2022</td> <td>200,000</td> <td>3,200,000</td> </tr> <tr> <td>30/06/2022</td> <td>200,000</td> <td>3,000,000</td> </tr> <tr> <td>Maturity Date</td> <td>3,000,000</td> <td>0</td> </tr> </tbody> </table>	Date	Reduction	Maximum Commitment	30/09/2019	125,000	4,875,000	31/12/2019	125,000	4,750,000	31/03/2020	125,000	4,625,000	30/06/2020	125,000	4,500,000	30/09/2020	175,000	4,325,000	31/12/2020	175,000	4,150,000	31/03/2021	175,000	3,975,000	30/06/2021	175,000	3,800,000	30/09/2021	200,000	3,600,000	31/12/2021	200,000	3,400,000	31/03/2022	200,000	3,200,000	30/06/2022	200,000	3,000,000	Maturity Date	3,000,000	0
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Terms of use	<p>Can be used and re-used as follows:</p> <ul style="list-style-type: none"> > Floating-rate advances (Canadian Prime Rate and U.S. Base Rate); and > Letters of credit. 																																										
Disbursement/ Repayment/ Prepayment	<p>In multiples of [dollar amount redacted]. Notwithstanding any provision in Schedule A, (i) borrowings under this line of credit (Facility A) are repayable in full on the Maturity Date, and (ii) the Borrower may, at any time prior to the Maturity Date, voluntarily repay the whole or any part of the borrowings outstanding under this line of credit (Facility A) without penalty or fee.</p>																																										
Fees	<p>Standby fees: [percentage redacted] per annum on the unused portion of Facility A when the Facility Utilization is equal to or above [percentage redacted], or [percentage redacted]</p>																																										

redacted] per annum on the unused portion of Facility A when the Facility Utilization is less than **[percentage redacted]**. Standby fees are computed daily at a rate per annum equal to the rate mentioned above on the basis of a year of 365 or 366 days, as the case may be, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day) in arrears on the last day of each fiscal quarter, commencing on the first fiscal quarter to occur after the Closing Date.

For the purposes of this agreement, “**Facility Utilization**” means, at any time, the ratio of the aggregate amount of borrowings outstanding under Facility A at such time, to the amount of the Commitment in effect at such time under Facility A.

Monitoring fee of **[dollar amount redacted]** per month.

Issuance and renewal fees for letters of credit: according to the schedule of rates in effect at the Bank.

B. [Other financing product redacted] (“Facility B”)

C. [Other financing product redacted] (“Facility C”)

Facility A, Facility B and Facility C are collectively referred to as the “**Facilities**” and individually as a “**Facility**”.

2. Security

All the Borrower’s obligations to the Bank, including under the Facilities, must at all times be secured by all of the following security (collectively with any other security document entered into from time to time by any person in favour of the Bank as security for the obligations of the Borrower under the Loan Documents, the “**Security**”). However, the following table or security documents can provide for certain obligations to be secured by specific security. In all cases, the Borrower and the Guarantor must sign the documentation reasonably required by the Bank in order to grant the Security. Notwithstanding any provision of this letter or Schedule A, the Borrower and the Guarantor shall not be required to grant security on its intellectual property rights. This offer, the Security and all other agreements, documents and instruments now or hereafter executed and/or delivered pursuant to or in connection with any of the foregoing and any and all amendments, supplements or restatements thereof are collectively referred to as the “**Loan Documents**” and individually as a “**Loan Document**”.

Borrower

		Status	Related product(s)
Inventory	1st ranking under section 427 of the <i>Bank Act</i> .	[status redacted]	ALL
Movable hypothec	1st ranking of [dollar amount redacted] on all movable property of the Borrower other than its intellectual property rights.	[status redacted]	ALL
General Security Agreement	1 st ranking Ontario law governed general security agreement on all personal property of the Borrower other than its intellectual property rights	[status redacted]	ALL

Guarantor

		Status	Related product(s)
Guarantee	Unlimited from D-Box USA Inc. (the “ Guarantor ”)	[status redacted]	ALL

The obligations resulting from the guarantee must at all times be secured by the following security:

General security agreement	1 st ranking US law governed security agreement on all personal property of the Guarantor other than its	[status redacted]	ALL
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intellectual property rights		
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Other security, documents or agreements

		Status	Related product(s)
Guarantee	From [name of guarantor redacted] covering [percentage redacted] of the obligations under Facility C.	[status redacted]	Facility C
Rider	Designating the Bank as the beneficiary of the proceeds of the insurance policies of the Borrower and the Guarantor, covering all the Borrower's and Guarantor's insured claims Designating the Bank as the beneficiary of the proceeds of the insurance policies covering all property given as security, up to its full replacement value as well as a copy of the insurance policy.	[status redacted]	ALL
Intellectual Property Rights	Licence Agreement by the Borrower in favour of the Bank with respect to the Borrower's intellectual property rights (the "Licence Agreement"). Escrow Agreement between the Borrower and the Bank with respect to the source code of the Borrower's intellectual property rights (the "Escrow Agreement").	[status redacted]	ALL

3. Conditions

The Facilities and the financing products provided thereunder are subject to the following specific conditions in addition to the conditions set out in Schedule A.

Calculation related to the line of credit

Amount available	<p>Total advances made under the line of credit (Facility A) must never exceed, in principal, interest and fees, <u>the sum of</u> (the "Borrowing Base"): </p> <ul style="list-style-type: none"> (a) [percentage redacted] of the Borrower's Canadian uninsured net accounts receivable ¹ of less than [period of time redacted] and acceptable to the Bank; (b) [percentage redacted] of the Borrower's foreign net accounts receivable ¹ of less than [period of time redacted] and acceptable to the Bank and insured by [name of insurer redacted] or an insurer recognized by the Bank under the terms and conditions accepted by the Bank; (c) [percentage redacted] of the Borrower's US uninsured net accounts receivable ¹ of less than [period of time redacted] and acceptable to the Bank; (d) [percentage redacted] of the Borrower's finished goods, raw material and parts and components located in the Borrower's warehouses located in the Province of Québec less related [period of time redacted] accounts payable, up to an amount not exceeding [dollar amount redacted]; and (e) An amount equal to the aggregate value of the cash and cash equivalents deposited in (i) all accounts of the Borrower held at the Bank and (ii) the securities accounts in USD under number [account number redacted] and in CAD under number [account number redacted] at [name of financial institution redacted] (collectively, the "Securities Account"), the whole up to an amount not exceeding in the aggregate [maximum dollar amount redacted]. <p><u>Less:</u> prior claims ¹.</p>
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¹ As defined in Schedule A

Other Applicable Conditions

Letters of credit	The Borrower may request the issuance of letters of credit as an availing made under the line of credit (Facility A), in a form acceptable to the Bank, at any time and from time to time, provided that aggregate letter of credit exposure shall not exceed [dollar amount redacted] . Notwithstanding the provisions of Schedule A, a letter of credit may be issued for a period not exceeding [period of time redacted] .
Presentation of documents	<p>No later than [date redacted], the Borrower shall furnish: an aged list of its accounts receivable, an aged list of its accounts payable and a list of its inventory, each of which shall be classified by country of origin and currency, as of the last day of the previous period.</p> <p>No later than [date redacted], the Borrower shall furnish a borrowing base certificate, in form and substance satisfactory to the Bank, setting forth the calculation of the borrowing base for the previous period.</p> <p>No later than [date redacted], the Borrower shall furnish, directly or through each financial intermediary, a detailed statement of the Securities Account for the previous period.</p>
[Other financing product redacted]	
Other	Bank may request such reports or additional reports as it shall reasonably deem necessary in respect to Inventory; provided, however, that so long as no default has occurred and is continuing, the Borrower shall not be required to pay or reimburse the cost of more than one such report in each fiscal year.

Financial conditions

Financial statements	<p>The Borrower shall provide to the Bank:</p> <ol style="list-style-type: none"> 1) Audited consolidated financial statements of the Borrower. 2) Financial forecasts (including full balance sheet, income statement and cash flow statement) on a quarterly basis. 3) Compliance certificate, in form and substance satisfactory to the Bank, from an officer of the Borrower with respect to financial ratios calculation. 	Annual and maximum [period of time redacted] after fiscal year-end
	<p>The Borrower shall provide to the Bank:</p> <ol style="list-style-type: none"> 1) Interim consolidated financial statements of the Borrower. 2) Compliance certificate, in form and substance satisfactory to the Bank, from an officer of the Borrower with respect to financial ratios calculation. 	Quarterly and maximum [period of time redacted] after the end of each period

Financial ratios

Working capital ratio ¹	<p>Of at least: 2.00:1.00 at all times.</p> <p>The foregoing ratio shall be tested [frequency redacted].</p>
Ratio of interest-bearing debt to Adjusted EBITDA ¹	<p>Of no more than: 2.50:1.00 at all times.</p> <p>In the computation of the foregoing ratio, the following shall be deducted from the total of Interest-bearing debts ¹:</p> <ol style="list-style-type: none"> 1) Interest-bearing debt ¹ which is subordinated to the debt of the Bank pursuant to a subordination agreement in form and substance satisfactory to the Bank; and 2) Cash deposited in deposit accounts at the Bank and any of its affiliates and subsidiaries, up to a maximum of [dollar amount redacted] at all times. <p>For the purposes hereof, “Adjusted EBITDA” means EBITDA ¹ plus write-off of property and</p>

	equipment and intangible assets, shared-based payments and non-cash foreign exchange losses and gains. The foregoing ratio shall be tested [frequency redacted] and computed on a trailing twelve months basis.
Reduction and cancellation	To the extent that the Borrower does not meet any of the foregoing financial ratios when tested [frequency redacted] , the Bank shall be authorized to permanently reduce and cancel any unused portion of the Line of Credit (Facility A) in order to enable the Borrower to meet its financial ratios.
Cash and cash Equivalent Balance	Of no less than: [dollar amount redacted] at all times.

¹ As defined in Schedule A

Conditions required to the initial disbursement of the Facilities and the financing products:

- > The Bank shall have received an executed copy of this offer, the Security and the other Loan Documents executed and delivered by all parties party thereto including the Borrower and the Guarantor;
- > Certified copies of the constating documents (including any shareholders' agreement or declaration) and by-laws of the Borrower and the Guarantor;
- > Receipt of certificates of status in respect of the Borrower and the Guarantor;
- > Receipt of certified copies of the directors' resolutions of the Borrower and the Guarantor in respect of this offer, the other Loan Documents and the actions contemplated therein;
- > Incumbency Certificates: Receipt of certificates of incumbency for the Borrower and the Guarantor;
- > Receipt of evidence of registration or filing of the Security, as well as evidence of filing of any financing statement registrations whenever and wherever considered necessary or desirable and confirmation of the validity, opposability and priority thereof;
- > Satisfactory due diligence, including legal, accounting, insurance, customer and environmental matters and documentation, as determined by the Bank.
- > Satisfactory review by the Bank of the typical agreements entered into between the Borrower and/or the Guarantor and the cinema operators, which agreements shall have terms and conditions acceptable to the Bank;
- > Satisfactory review of the audited consolidated financial statements of the Borrower for the fiscal year ending March 31, 2019;
- > No event of default shall have occurred and be continuing and no event of default shall occur as a result of the making of such initial disbursement;
- > There shall have been no Material unfavourable change since March 31, 2019;
- > Satisfactory review of insurance coverage of the Borrower and the Guarantor and receipt of copies of the insurance policies of the Borrower and Guarantor evidencing the Bank as additional beneficiary and first loss payee;
- > Satisfactory completion by the Bank, acting reasonably, of "Know your customer" and anti-corruption and anti-money laundering legislation due diligence of the Borrower and the Guarantor;
- > Copies of opinion(s) of legal counsels to the Borrower and the Guarantor in form and substance satisfactory to the Bank covering the due authorization, execution, delivery, legality, validity and enforceability of the Loan Documents and the registration and opposability/perfection of the Security in all relevant jurisdictions, accompanied with customary liens and litigation search reports in such jurisdictions and offices as reasonably determined by the Bank with respect to the Borrower and the Guarantor, and such search reports shall reveal no liens on any of their assets except for liens granted in furtherance of the Existing Debt;
- > The Borrower will provide satisfactory payout letters for the full payment of the debt incurred under the loan agreement (*Convention de prêt*) dated as of **[date redacted]** entered into between the

- Borrower and [name of lender redacted] (the “Existing Debt”) and to discharge any existing lien relating thereto together with a direction of payment for the proceeds of the initial disbursement;
- > Confirmation of the discharge of the hypothec registered at the register of personal and movable real rights under number [registration number redacted];
 - > Satisfactory review of an executed compliance certificate evidencing compliance with all financial ratios set out in this offer;
 - > Satisfactory review of an executed borrowing base certificate as at the date of the initial disbursement;
 - > All representations and warranties in this offer and in the other Loan Documents shall be true and correct on and as of the date of such initial disbursement with the same force and effect as if such representations and warranties had been made on and as of such date;
 - > Payment of all fees and reasonable expenses payable to the Bank under the Loan Documents (including payment of the reasonable and documented fees, charges and expenses of Bank’s legal counsels, it being understood that the legal fees of [name of law firm redacted] up to the initial disbursement of the Facilities are expected not to exceed [dollar amount redacted] before taxes and disbursements);
 - > Copy of [name redacted] form Acknowledgment signed by borrower;
 - > Copy of [name redacted] form Waiver signed by guarantor(s); and
 - > Any other document which in the opinion of the Bank is necessary to complete its due diligence.

Conditions required for each disbursement of the Facilities and the financing products:

- > No event of default shall have occurred and be continuing and no event of default shall occur as a result of the making of such disbursement;
- > There shall have been no Material unfavourable change which is continuing; and
- > All representations and warranties in this offer and in the other Loan Documents shall be true and correct in all material respects on and as of the date of such disbursement with the same force and effect as if such representations and warranties had been made on and as of such date.

Representations and Warranties:

In addition to the representations and warranties set out in Schedule A, each of the Borrower and the Guarantor represents and warrants to the Bank as follows:

- > Schedule B sets forth a complete and accurate list of (a) all registrations and applications for registration of all Intellectual Property owned or applied for by each of the Borrower and the Guarantor (collectively, the “Registered IP”) (b) all domain names and social media identifiers that are owned by each of the Borrower and the Guarantor; (c) all material unregistered trade-marks and trade names used and owned by each of the Borrower and the Guarantor; and (d) all material software owned by each of the Borrower and the Guarantor (hereinafter collectively, including the Registered IP, the “Owned IP”). Each of the Borrower and the Guarantor is the exclusive owner of each item of Owned IP, free and clear of all encumbrances, licenses (except for licenses granted in the ordinary course of business), franchises and liens. All Registered IP is currently in compliance with formal legal requirements (including payment of filing, examination and maintenance fees and proofs of use), is valid and enforceable. Commercial reasonable efforts were made so that appropriate applications, documents, recordations, and certificates in connection with the Registered IP have been filed with the relevant patent, copyright, trademark or other authorities for the purposes of maintaining or prosecuting the Registered IP. Except as disclosed in Schedule B, there are no re-examinations, office actions, oppositions or cancellation proceedings involving any patents or trade-marks included in the Registered IP which could reasonably be expected to result in a Material unfavourable change.
- > Other than commercially available off-the-shelf software, the Owned IP constitute all of the material Intellectual Property that is used, held for use in, related to or reasonably necessary for the current or reasonably anticipated future operation of the business of the Borrower. To the knowledge of the Borrower and the Guarantor, no third party has infringed or misappropriated or is infringing or misappropriating any Owned IP and the Owned IP is not infringing the Intellectual Property of any third

party. **“Intellectual Property”** means anything that is or may be protected by any right that is or may be granted or recognized under any Canadian or foreign legislation regarding patents, copyrights, neighbouring rights, moral rights, trade-marks, trade names, service marks, industrial designs, mask work, integrated circuit topography, privacy, publicity, celebrity and personality rights and any other statutory provision or common or civil law principle regarding intellectual and industrial property, whether registered or unregistered, and including rights in any application for any of the foregoing such as, but not limited to, works, performances, discoveries, inventions, trade-marks (including trade names and service marks), domain names, industrial designs, trade secrets, data, tools, templates, confidential information as applicable, mask work and integrated circuit topographies technology (including software in executable code and source code format), documents or any other information, data or materials and the expression of the foregoing;

- > To the knowledge of the Borrower and the Guarantor, no material claim has been asserted and is pending by any person with respect to the use by any of the Borrower or the Guarantor of the Owned IP or challenging or questioning the validity, enforceability or effectiveness of the Owned IP.
- > The Licence Agreement and the Escrow Agreement have been duly authorized, executed and delivered by the Borrower and the Guarantor and constitute valid and legally binding obligations of each of them, enforceable in accordance with the provisions thereof, subject to the fact that the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the rights and remedies of creditors and the fact that specific performance and injunctive relief are subject to the discretion of a court of competent jurisdiction before which such remedies are sought and to the power of a court to stay proceedings before it and the execution of judgments.

Covenants:

In addition to the covenants set out in Schedule A, each of the Borrower and the Guarantor covenants to the Bank as follows:

- > Each of the Borrower and the Guarantor shall maintain in full force and effect all Registered IP and other such rights which are necessary to conduct their business and to own and use their assets. The Borrower and the Guarantor shall also use all reasonable endeavours to defend such rights.
- > The Borrower and the Guarantor shall not grant a lien to any person on any of the Owned IP.
- > The Borrower and the Guarantor shall maintain all of their bank or deposit accounts with the Bank (or an affiliate thereof), save and except for (i) the Borrower’s existing bank account maintained with **[name of bank redacted]** and bank and deposit accounts opened following the Effective Date and maintained with financial institutions other than the Bank in an amount not to exceed **[dollar amount redacted]** in the aggregate, and (ii) any other bank or deposit account with the prior written consent of the Bank.
- > Notwithstanding any provision of any other Loan Document, the Borrower and the Guarantor shall not make any disposition of any of their respective assets, save and except for (i) dispositions in the ordinary course of business and (ii) other dispositions not exceeding **[dollar amount redacted]** in the aggregate per fiscal year.
- > The Borrower shall not, and shall not permit the Guarantor to, create, incur, assume or permit to exist any indebtedness other than the indebtedness incurred under the Loan Documents, save and except for (i) Purchase Money Obligations up to an amount not to exceed **[dollar amount redacted]**, and (ii) any other indebtedness with the prior written consent of the Bank. **“Purchase Money Obligation”** means, with respect to any person, any indebtedness incurred in respect of the cost of acquisition, including by way of conditional sales contract or leasing by way of a capital lease of any property which indebtedness existed at the time of acquisition or was incurred contemporaneously with such acquisition and includes any extension, renewal or refinancing of any such indebtedness if the amount thereof outstanding on the date of such extension, renewal or refinancing is not increased.
- > The Borrower shall use commercially reasonable efforts to obtain (and deliver to the Bank) a landlord waiver from **[name of landlord redacted]** with respect to the leased property bearing civic address **[address redacted]** within **[period of time redacted]** of the Effective Date, which landlord waiver shall be in form and substance satisfactory to the Bank;
- > The Borrower shall not, and shall not permit the Guarantor to, make or permit to exist any Investment other than Permitted Investments.
“Investment” shall mean, as applied to any person (the **“investor”**), any direct or indirect: (a) purchase or

other acquisition by the investor of equity securities of any other person or any beneficial interest therein; (b) purchase or other acquisition by the investor of bonds, notes, debentures or other debt securities of any other person or any beneficial interest therein; (c) loan or advance to any other person, other than (i) advances to employees for expenses incurred in the ordinary course of business, and (ii) accounts receivable arising from sales or services rendered to such other person in the ordinary course of the investor's business; or (d) capital contribution by the investor to any other person; provided that an Acquisition shall not constitute an Investment.

"Permitted Investments" shall mean: (a) Investments existing as at the Closing Date; (b) Investments in cash and cash equivalents in the Securities Account; (c) Investments by the Borrower in the Guarantor or vice versa and (d) Investments in an aggregate amount not exceeding [dollar amount redacted] at any time.

- > The Borrower shall not, and shall not permit the Guarantor, to, make or enter into any Acquisition other than Permitted Acquisitions.

"Acquisition" means any transaction, or any series of related transactions, consummated after the Closing Date, by which Borrower or the Guarantor, directly or indirectly, by means of a takeover bid, tender offer, amalgamation, merger or other business combination, plan of arrangement, purchase of assets, joint venture or otherwise: (a) acquires any business (including any division of a business) or all or substantially all of the assets of any person engaged in any business; (b) acquires control of securities of a person engaged in a business representing more than [percentage redacted] of the ordinary voting power for the election of directors or other governing position if the business affairs of such person are managed by a board of directors or other governing body; (c) acquires control of more than [percentage redacted] of the ownership interest in any person engaged in any business that is not managed by a board of directors or other governing body; or (d) otherwise acquires control of a person engaged in a business.

"Permitted Acquisition" means any Acquisition by the Borrower or the Guarantor: (a) when no default or event of default has occurred and is continuing or would be caused thereby; (b) which is of a person carrying on a business which is the same as or related, ancillary or complimentary to the business carried on by the Borrower or the Guarantor (or if an asset Acquisition, is of assets used or useful in a business which is the same as or related, ancillary or complimentary to the business carried on by the Borrower or the Guarantor); (c) in respect of which the Borrower has provided a certificate of an officer of the Borrower containing information satisfactory to the Bank regarding the cost of such Acquisition, the projected earnings of such Acquisition, the financial and acquisition structure of such Acquisition, audited financial statements of the target, and financial projections; and (d) the acquisition cost of which, when totalled with the aggregate acquisition cost of all other Acquisitions made since the Closing Date, does not exceed [dollar amount redacted]; provided that, notwithstanding the foregoing, the Bank shall be entitled to request from time to time such additional guarantees and/or liens over the assets acquired (other than intellectual property rights) or from the person the equity securities of which were acquired.

- > The Borrower shall not open a securities account in another financial institution other than National Bank Financial Inc., nor transfer any of its Investments in the Securities Account, unless the Borrower delivers to the Bank any and all such documents, agreements and other materials as the Bank may require to provide the Bank with control over such security entitlements. The Borrower shall not grant or cause any person other than the Bank or National Bank Financial Inc. to have control over the Securities Account.

Default:

In addition to the events of default set out in Schedule A, the occurrence of one or more of the following events will constitute an event of default:

- > Any of the Licence Agreement [or the Escrow Agreement] shall for any reason cease to be in full force and effect or shall be declared in a final judgment of a court of competent jurisdiction to be null and void, or any of the Borrower or the Guarantor contests the validity or enforceability thereof.

4. Miscellaneous

Notwithstanding any provision contained in Schedule A or in any Loan Document entered into by the Borrower or the Guarantor:

- > The Borrower or the Guarantor may pay or prepay any amount owing to the Guarantor or the Borrower, as the case may be, at any time (whether or not the amount to be paid or prepaid is then due), on condition that at the time of such payment or prepayment, no event of default exists or would result therefrom.
- > The authorization granted by the Bank to the Borrower or the Guarantor to collect all debts or claims forming part of the property hypothecated or otherwise charged under the Security may only be withdrawn by the Bank following the occurrence of an event of default which is continuing;
- > If there is any inconsistency between the provisions of Schedule A or the provisions of any Loan Document and the provisions of this offer of financing, the provisions of this offer of financing shall govern and apply to the extent of the inconsistency unless as a result thereof, the Security granted in favour of the Bank by the Borrower or Guarantor pursuant to any Loan Document would be in any way diminished or invalidated, in which case the provisions of the relevant Loan Document shall prevail.
- > Notwithstanding any provision of Schedule A, the parties hereto acknowledge and agree that no consent of the Bank shall be required in respect of any change in the share ownership, ownership or capital structure of the Borrower, except that the prior written consent of the bank shall be required (i) for any issuance of shares of the Borrower on a recognized securities exchange or by way of private placement or (ii) for the, direct or indirect, acquisition by any person or group of person acting jointly or otherwise in concert of (a) shares of the Borrower representing more than **[percentage redacted]** of the aggregate ordinary voting power represented by the issued and outstanding shares of the Borrower or (b) the power to appoint the majority of the directors of the Borrower, directly or indirectly, whether through ownership of shares, by contract or otherwise. Notwithstanding the foregoing, the prior written consent of the Bank shall not be required for the issuance of any shares of the Borrower in furtherance of (i) any employee stock option plan or (ii) the exercise of any warrant issued by the Borrower prior to the date hereof.
- > Notwithstanding any provision of Schedule A, the Borrower and the Guarantor may, at any time, make distributions to their respective officers, directors, shareholders, partner, members or related parties, unless an event of default hereunder exists or would result therefrom.
- > Notwithstanding any provision of Schedule A or any other Loan Document, the following liens, encumbrances or other charges on the assets of the Borrower and the Guarantors shall be permitted: (i) liens, encumbrances or charges securing Purchase Money Obligations permitted hereunder, (ii) liens, encumbrances or charges to which the Bank has consented to in writing, and (iii) other liens, encumbrances and charges that are customarily permitted under financings of this nature (but for greater certainty such liens, encumbrances and charges shall not (a) include any lien, encumbrance and charge securing any type of indebtedness for borrowed money other than those described in (i) above, and (b) materially impair the servicing, development, construction, operation, management or marketability of Borrower's and Guarantor's business or assets).
- > Notwithstanding any provision of Schedule A or of any Loan Document, no default hereunder or under any other Loan Document shall have occurred (i) in respect of the failure by the Borrower to pay any amount of interest, fees or other amounts (other than principal for which the provisions contained in Schedule A shall apply) that is due and payable to the Bank, if such failure is remedied within **[period of time redacted]** following the due date thereof, (ii) in respect of the breach by the Borrower or the Guarantor of any other covenant under any Loan Document (other than negative covenants and financial ratios covenants for which the provisions contained in Schedule A shall apply), if such breach is remedied within **[period of time redacted]** following such breach, and (iii) in respect of a misrepresentation made by the Borrower or the Guarantor under any Loan Document, if such misrepresentation is not material or has been remedied within **[period of time redacted]** days following the date of such misrepresentation.

5. Fees

[fees redacted]

[Signatures on the following page]

6. Acceptance

The undersigned confirms having read and understood this offer and Schedule A which forms an integral part of the offer, and accepts all terms, conditions, security and obligations.

Signed at Longueuil, province of Québec, on the 31st day of July 2019.

D-BOX TECHNOLOGIES INC.

By: (signed) Claude Mc Master

Guarantor

The undersigned confirms having read and understood this offer and Schedule A which forms part of this offer, and hereby accepts the terms, conditions and obligations hereof.

Signed at Longueuil, province of Québec, on the 31st day of July 2019.

D-BOX USA INC.

By: (signed) Claude Mc Master

SCHEDULE A

Offer of Financing of National Bank of Canada

Conditions governing the financing products

Disbursement and repayment conditions

The Borrower may have a financing product disbursed or renewed when:

1. The conditions set out in the offer of financing (and any other agreement between the Borrower and the Bank, if applicable) have been met;
2. The required charges and fees have been paid;
3. Any document required by the Bank has been signed and given to it;
4. Security interests have been registered, with the applicable rank, when required; and
5. No material unfavourable change has occurred.

Disbursements and repayments must be made on the dates set out in this offer; otherwise, the Bank may, at its discretion, refuse to make any disbursement. If a payment is payable on a non-business day, the payment will be made on the next business day.

Demand financing products

Products covered. The demand financing products are as follows: line of credit, line of credit with temporary operating credit, line of credit in CAD\$ by way of account overdrafts, line of credit in USD\$ by way of account overdrafts, line of credit for letters of guarantee, line of credit for letters of credit, letter of guarantee, letter of credit, demand loan, Mastercard credit, credit for the financing of tax credits, credit for the financing of taxes, electronic funds transfer settlement risk, settlement risk for accounts held at the Bank's New York City branch.

The following also constitute demand financing products: bridge financing with option to convert to term loan for the portion of the credit not converted at term; credit for capital expenditures for the undisbursed credit portion; global net risk line for derivatives for the portion of risk for which there is no contract between the Bank and the Borrower.

Notion. Demand financing products are payable by the Borrower at any time at the Bank's sole discretion. The Bank may therefore at any time, before or after a request for repayment to the Borrower, terminate these products and stop making new advances, without delay or notice to the Borrower. These products are payable at any time, in full or in part, without penalties.

Annual fee. The Borrower must pay an annual fee for any demand financing product in effect on the anniversary date of this offer.

Overrun of the available amount. When the used amount of a financing product exceeds the amount available as set out in this offer, the Borrower must immediately repay the difference. If the Bank were to temporarily tolerate such overrun, it could require:

1. The immediate payment of a lump sum so that the amount used is equal to or less than the available amount;

2. That new investments, securities or other financial assets be given as security.

The Borrower will then have to pay the Bank fees of 1% on the overrun amount, with minimum fees of \$100.00.

If the Bank does not tolerate the overrun, the Borrower must repay in full the balance of the financing product, plus all fees and interest accrued.

Overrun of the authorized amount. When the amount owed by the Borrower exceeds the authorized amount of the financing product, the Borrower must immediately repay the excess amount to the Bank.

Separate agreements. Certain financing products are also governed by separate agreements: Mastercard credit card, letter of guarantee or letter of credit, global net risk line for derivatives and electronic funds transfer settlement risk.

For these products, the Borrower must meet all the conditions set out in this offer, as well as the conditions set out in any applicable separate agreement.

Approval. The approval of each issue or renewal request of a letter of credit or a letter of guarantee, a transaction request related to the global net risk line for derivatives or electronic funds transfer settlement risk remains subject to the Bank's sole discretion.

Specific rules: letters of guarantee and letters of credit. The Bank may periodically revise fees for the issue or renewal of each letter upon prior notice of 30 days to the Borrower.

The amount of credit available under which the letter of guarantee or letter of credit is issued will be reduced by the face value of any at sight or at term letter of guarantee or letter of credit upon issue. Upon payment, this letter becomes a floating-rate advance under the credit affected by the issue.

Letters of credit will be payable within a period not exceeding 90 days.

Letters of guarantee will be payable within a period not exceeding 364 days.

Global net risk line for derivatives. The global line allows the Borrower to enter into contracts with the Bank with respect to:

1. Interest rate derivatives;
2. The sale or purchase of foreign currencies freely negotiated by the Bank;
3. Commodity derivatives; or
4. Other treasury products offered by the Bank.

The amount of the risk of each transaction will be determined by the Bank in accordance with the applicable level of risk and fee schedule then in effect at the Bank.

The agreements related to this product are: the declaration of the risks relating to credit with interest rate swaps, the foreign currency conversion agreement, the *International Swap and Derivatives Association* (ISDA) master agreement, the *Credit Support Annex* (CSA) agreement and the confirmation, as applicable, of any transaction.

Term financing products

Products covered. The term financing products are as follows: term loan, non-revolving special credit for capital expenditures (when disbursed), revolving term credit, term loan granted under the *Canada Small Business Financing Act*, bridge financing with option to convert to term loan (when converted), Agri Flex financing and mortgage loan.

Verbal agreements for certain terms and conditions. The Borrower and the Bank can verbally agree on the following terms and conditions: term extension, new term, applicable interest rate and payment dates.

The product remains subject to the other conditions then applicable.

These terms and conditions may be confirmed to the Borrower and the guarantor by email or by regular mail.

Neither the Bank nor the Borrower are obligated to extend the term of a product. At the end of the term, the Borrower can repay the product in full and the Bank can request repayment of the product.

Annual fee. The Borrower must pay annual review fees for any term financing product (except for the term loan granted under the *Canada Small Business Financing Act*) in effect on the anniversary date of this offer.

Application of payments. The Bank may, at its discretion, apply any payment first to the interest and then to the principal or any other amount owed by the Borrower.

When the Bank temporarily tolerates a late payment, the Borrower will pay the Bank late fees according to the payment frequency. These fees will be calculated at the rate of 2.00% on the amount of the late payment until this payment is made in full with minimum fees of \$10.00 per payment.

Option to convert a floating rate to a fixed rate. When offered and approved, the following conditions apply to this option:

1. The Borrower may exercise or renew it (when the fixed-rate period expires) with a prior written notice to the Bank of at least two business days;
2. The fixed-rate period will be no less than 12 months without exceeding the term of the product.

If the Borrower does not exercise the option, the fixed rate reverts to the floating rate applicable to the product concerned.

Repayment before the end of the term

> **Floating-rate disbursements.** The Borrower may repay the amounts disbursed if the repayment is made from the Borrower's excess generated funds or through a capital stock issue. If the repayment comes from other sources, the Bank will apply a penalty of three months' interest on the repaid principal and withhold this penalty from the Borrower's repayment.

- > Partial repayments will be applied to the final payment of principal and/or interest or any other amount owed by the Borrower, at the Bank's discretion.
- > **Fix-rate disbursements.** The Borrower cannot repay the amounts disbursed before the end of the term.
- > **Annual repayment option.** When offered, this option allows the Borrower to make a non-cumulative repayment before the end of the term, up to 15% of the original authorized amount of the product affected as of the first anniversary date of the final disbursement, without penalty. Such repayment must come from the Borrower's excess generated funds or through a capital stock issue and will be applied without any change to the original method of payment, which remains in force.

Cost overrun. The Bank may stop disbursing on any project that results in an overrun of the costs initially planned, until these costs are assumed by the Borrower and its shareholders, partners and affiliated companies.

Banker's acceptances

The Borrower must meet the following conditions when the terms of use of or option to convert the product into bankers' acceptances is offered:

1. The Borrower must send a written notice of at least two business days to the Bank, in accordance with the prescribed form;
2. As a part of a demand financing product or a term revolving credit, the issue, renewal or conversion must be for an aggregate minimum amount of \$2,000,000.00, and for a demand financing product only, in multiples of \$100,000.00 for any sum in excess thereof;
3. As a part of a term financing product (non-revolving), the first issue or conversion must be for an aggregate minimum amount of \$2,000,000.00;
4. The term chosen must be at least 30 days and no more than 364 days, not include any grace period and, as applicable, at no time exceed the credit availability;
5. The Borrower cannot repay bankers' acceptances before their maturity date;
6. The Borrower must pay stamping fees at the time of acceptance by the Bank; these fees may be revised periodically by the Bank upon giving 30 days' prior written notice to the Borrower;
7. When issuing banker's acceptances, the Bank will give the Borrower the discounted proceeds of the bankers' acceptances less the stamping fees;
8. In the case of a renewal of a bankers' acceptance by issuing a new bankers' acceptance, the discounted proceeds of the new bankers' acceptance will be applied to the repayment of the expired bankers' acceptance and the Borrower will pay the Bank the stamping fees for issuing the new bankers' acceptance, plus an amount equal to the difference between the nominal value of the expired bankers' acceptance and the discounted proceeds of the new bankers' acceptance, failing which the Bank will not be obligated to comply with the request for renewal;
9. If a bankers' acceptance is not renewed at maturity, it becomes a floating-rate advance;

10. In the case of a conversion by way of a bankers' acceptance, the discounted proceeds of the bankers' acceptance will be applied to the repayment of the floating-rate advance covered by the conversion and the Borrower will pay to the Bank the stamping fees for issuing the new bankers' acceptance, failing which the Bank will not be obligated to comply with the request for conversion.

The approval of any request to issue, convert or renew a banker's acceptance is subject to the Bank's discretion.

Representations and warranties

The Borrower and any guarantor hereby represent and warrant to the Bank the truth and accuracy of the following:

- > **Legal existence.** It is duly constituted and organized, validly existing and operating in accordance with the laws applicable to it.
- > **Power and capacity.** It has the required power and capacity to execute this offer and the security documents, and perform its obligations under these documents.
- > **Compliance with obligations.** It complies with its contractual obligation towards the Bank and any other party.
- > **Commercial activities.** The Borrower contracts the financing covered by this offer for its commercial activities.
- > **Financial Information.** The balance sheet, the most recent financial statements and other financial information submitted to the Bank are true, accurate and complete, and fairly represent the current financial situation of the Borrower. They are prepared based on generally accepted accounting principles established by the Accounting Standards Board.
- > **Ownership of property.** It has good and marketable title to all its property, which is free and clear of any prior claims, security or other similar encumbrances, except for those already granted in favour of a third party.
- > **Litigation.** It is not involved in any dispute or legal proceedings which could have a material impact on its financial position or on its capacity to operate its company.
- > **Taxes.** It has paid (or will pay at expiry) all the taxes and duties that it is bound to pay or that are imposed on its property, without subrogation or payment agreement.

Covenants

The Borrower and any guarantor undertake to:

- > **Continuation of the company.** Maintain the existence of its company and not modify its corporate structure.
- > **Purpose of financing.** Use the financing product for the purposes set out in this offer.
- > **Information and documents.** Provide the Bank with any information or document that the Bank may reasonably request and ensure that this information or these documents, regardless of the medium (paper, electronic, verbal or other) and whether or not they are signed by a representative, be

accurate so that the Bank may deem them to be validly issued without further formality.

- > **Security.** Grant to the Bank any additional security that it may require from time to time.
- > **Visit and access.** At all times, give the Bank's representatives or mandataries/agents the right to visit and access its establishments, the right to examine its books of account and other records, and take excerpts therefrom or make copies thereof.
- > **Insurance.** Maintain insurance coverage on its property against loss or damages caused by fire and any other risk as is customarily maintained by the same type of company.
- > **Environment.**
 1. Comply with all legal requirements regarding the protection of the environment with respect to its property and all the sites where it operates its company;
 2. Provide, at its expense and upon request from the Bank, any information or report concerning its environmental situation or any neighbouring property; and
 3. Indemnify the Bank for any damage or any liability which it may incur as a result of non-compliance with legal requirements.

These covenants will survive the cancellation of the security or the full and final payment of any amount owing by the Borrower to the Bank.

- > **Events of default.** Notify the Bank, without delay, of any event of default or any other event which, following notice or the expiry of a time period, may constitute an event of default.
- > **Survival of representations and warranties.** Ensure that each representation and warranty set out in this document remain true and accurate at all times.

The Borrower and any guarantor undertake to obtain the consent of the Bank before they:

- > **Distributions and loans.** Grant advances or any type of distribution to its officers, directors, shareholders, partners, members or related parties.
- > **Guarantees.** Grant financial assistance, make an investment or provide a guarantee to a third party other than a subsidiary.
- > **Nature of business.** Modify the nature of its operations or its company.
- > **Change to project.** Significantly modify a project financed by the Bank.
- > **Merger.** Amalgamate with any other company or continue its existence in another jurisdiction.
- > **Disposal of property and change of control.** Sell a substantial portion of its property, allow any change in the share ownership, ownership or capital structure of the Borrower.
- > **Restrictions on assignment.** Assign its rights hereunder, or hypothecate, encumber or otherwise give as security any of its movable or immovable property.

Default

The occurrence of one or more of the following events will constitute an event of default:

1. The Borrower fails to pay any amount owed to the Bank.
2. The Borrower or any guarantor has made a false representation or warranty.
3. The Borrower or any guarantor did not comply with its commitments and obligations towards the Bank under this offer or the security documents.
4. The Borrower or any guarantor becomes insolvent or is declared bankrupted.
5. The Borrower or any guarantor avails itself of a law governing its bankruptcy, restructuring, reorganization, dissolution, winding-up, arrangement, or a third party initiates proceedings towards the Borrower under said law.
6. A receiver, interim receiver or trustee is appointed with respect to the Borrower, the guarantor or its property.
7. The property of the Borrower or guarantor is subject to a seizure/foreclosure proceeding, prior notice of the exercise of a hypothecary right, notice to withdraw authorization to collect claims or any other remedy exercised under laws governing security interests.
8. The Borrower or any guarantor is in default under the terms of any agreement with the Bank, any financial institution or government entity or any other creditor.
9. This offer and any other related document cannot remain in full force or security ceases to retain the rank set out in this offer.
10. A material unfavourable change occurs.

Remedies

In the event of default, the Bank may exercise the following remedy:

1. Terminate any financing product, declare liquid and payable all the Borrower's monetary obligations not yet due at that time and claim immediate payment of all amounts owing without further notice or demand;
2. Whithold any amount collected or received, including the balance of any proceeds from the realization on the security and apply it to any portion of the Borrower's indebtedness to the Bank;
3. Rights and remedies conferred by law and the documents related to this offer.

The rights and remedies are cumulative and not alternative. By omitting to exercise a remedy or notifying the Borrower of the occurrence of an event of default, the Bank does not waive its right to avail itself at a later date of this remedy or event of default.

Interest

Calculation.

1. Any interest is calculated on the daily balance and not in advance, on the basis of a 365-day year, except in cases where the interest is calculated on the basis of a 360-day year. For the purposes of the *Interest Act* (Canada), the annual rate

corresponding to the rate calculated on this basis is equal to the rate thus calculated multiplied by the actual number of days included in the year concerned and divided by 365 days or by 360 days, as the case may be.

2. Unless otherwise stipulated, the interest is payable monthly, on the 26th day of each month, with minimum fees of \$10.00 for every demand financing product. However, the interest payable (or any amount considered interest under the law) can never exceed the maximum interest amount permitted by law. If this maximum were to be reached, the interest amount would be reduced as to not exceed this maximum.
3. Any amount that is not paid at maturity will bear interest at the rate of the financing product concerned. The interest on arrears will be compounded monthly and payable on demand.

Post-default interest. Any amount disbursed by the Bank to realize, maintain or preserve any right or security will bear interest until payment at the Bank's Canadian prime rate plus 3% per annum.

Miscellaneous provisions

Assignment. The bank may assign or transfer all or part of its rights and obligations under this Offer (or grant participations), without notifying the Borrower or any guarantor.

Charges and fees. In addition to the charges set out in this offer, the Borrower must pay, on demand: administration and management fees for the closing of any financing product, the charges and fees for the preparation and registration of security documents (whether or not the financing is disbursed), and the protection and exercise of security interests. Fees include professional fees and expenses incurred by the Bank (e.g., appraisal, audit, notary and lawyer fees).

Additional costs. If a statute, regulation, administrative policy or order results in an increase in the cost of the credit for the Bank (namely as a result of the imposition of reserves, taxes or capital adequacy requirements for the Bank), the Borrower undertakes to pay the Bank, on demand, the amount of the resulting additional cost.

Currency of payments. The Borrower must pay all amounts due under this offer to the Bank in the currency of the relevant financing product. If an amount in Canadian dollars is to be converted into or expressed in U.S. dollars, or the equivalent in U.S. dollars (or inversely) must be determined, the Bank may calculate this conversion or equivalence in accordance with its normal practices.

Set-off. In addition to its other rights, the Bank may offset any amount owed by the Borrower to the Bank with any amount owed by the Bank to the Borrower, even if this amount is not due or is payable in another currency. To proceed with this set-off, the Bank may debit any account held by the Borrower or a guarantor with the Bank.

Indemnification. The Borrower and any guarantor must indemnify the Bank (including its officers, directors, employees and agents) against any damages and costs suffered or incurred by the Bank and claims brought against the Bank resulting from or related to, directly or indirectly, this offer.

This obligation will survive the cancellation of the security or full and final payment of any amount owing by the Borrower to the Bank.

Notices. The Borrower or the guarantor must submit any notice intended for the Bank in writing to the mailing address indicated in this offer.

Records. The Bank will keep records evidencing the transactions performed. These records are presumed to provide evidence as to the indebtedness of the Borrower towards the Bank.

The following changes to or processing of the Bank's records will not result in the novation of financing products or the Borrower's indebtedness towards the Bank:

1. Any conversion of advances, rates or loans set out in this offer;
2. Any change in the name or number of a financing product.

Scope. This offer :

1. Constitutes the final agreement between the parties and supersedes any previous verbal or written agreement related to the financing products offered;
2. Is made without novation to other financing products already granted to the Borrower (not covered by this offer) and related security; these other financing products remain unchanged if otherwise modified herein.

Counterparts. This offer may be executed in several counterparts, and each of the parties may sign a different counterpart. All such counterparts taken together constitute one and the same document. The electronic transmission (by telecopier, by scanned attachment to an email or by any other medium, technology, record or computer system chosen by the Bank) of this offer signed by the Borrower or the guarantor (including by electronic signature) has the same effect as if the Borrower or guarantor had manually delivered to the Bank a copy of this offer signed by it. Such electronic counterparts are deemed to be originals.

Collection, use and disclosure of information. The Borrower, any guarantor, as well as their respective representatives authorize the Bank to:

1. Use the necessary information it holds or could hold about them for the purposes of granting credit and insurance products (where permitted by law) or for the purposes of the guarantee;
2. Disclose this information to its affiliates and subsidiaries for this same purpose;
3. Obtain personal information pertaining to them from any party likely to have such information (financial intermediaries, depositaries, credit-reporting agencies, financial institutions, creditors, employers, professionals, tax authorities, public entities, persons with whom they have business relations, and Bank affiliates and subsidiaries) in order to verify the accuracy of all information provided to the Bank from time to time and to ensure the solvency of the Borrower, any guarantor, and their respective representative.

Governing law and jurisdiction. This offer will be construed and interpreted in accordance with the laws of the province where the Bank branch is located, as indicated in this offer.

The courts of this province will have jurisdiction over any dispute related to this offer and the exercise of any resulting remedy.

Definitions

"Material unfavourable change" means a change, situation or event producing an effect deemed unfavourable by the Bank on (1) the inherent risk in the financing (2) the situation (financial or other), operations, property or company of the Borrower or guarantor (3) the capacity of the Borrower or guarantor to meet its obligations to the Bank (4) the property given as security or the security given on this property (5) the rights and remedies of the Bank under this offer and any related document.

"Net accounts receivable" means the accounts receivable, excluding holdbacks receivable, contra or inter-company accounts, accounts of doubtful quality and other accounts receivable excluded from the calculation of the available amount, in accordance with the Bank's internal policy.

"Priors claims" means any claim which, under any legislation, regulation or other instrument, ranks prior to or may rank prior to the Bank's security. Without limiting the foregoing, prior claims include, in particular, any amount owing to a federal, provincial, municipal or other government authority or crown corporation, any actual or deemed trust, or trust created under legislation, any amount withheld or deduction at source, any accrued and unpaid salary, including any vacation pay, and any amounts due to any person with a right, charge or a trust ranking prior to the Bank's security.

"Discount" means, in the context of a bankers' acceptance, the difference, as determined by the Bank in accordance with its usual practices, between the face value of the bankers' acceptance and the price at which a bankers' acceptance with the same maturity date and the same nominal value accepted by the Bank could normally be sold at about 10 a.m. on the date the bankers' acceptance is issued.

"Excess generated funds" [net income + amortization +/- deferred income taxes for a given fiscal year] - [principal payments made during the given fiscal year].

"Stamping fees" means the fees charged by the Bank to stamp bankers' acceptances issued by the Borrower at a rate established in accordance with this offer.

"Business day" means any day, other than Saturday or Sunday, on which the offices of the Bank are open in the province identified in the last section herein titled "Governing law and jurisdiction".

"Discounted proceeds" means the proceeds that the Bank must disburse to issue a bankers' acceptance, the amount of which corresponds to the nominal value of the bankers' acceptance less the discount.

"Net inventory" means the inventory, excluding the inventory affected by the vendor's lien and other inventory excluded from the calculation of the available amount, in accordance with the Bank's internal policies.

"Canadian Prime Rate" (P) or **"U.S. Base Rate" (US BR)** means the annual floating interest rate announced publicly by the Bank from time to time, notably on its website at www.nbc.ca and used to determine the interest rates applicable to commercial loans in Canadian or U.S. dollars granted by the Bank in Canada, as the case may be.

"Rate offered" means the annual interest rate determined from time to time by the Bank, for the term chosen by the Borrower, as being the fixed interest rate applicable to its commercial fixed-rate term loans granted by the Bank in Canada for the same term.

Financial ratios

The financial ratios set out herein are defined as follows.

Working capital ratio:

Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations and/or investments in affiliated companies or corporations and/or closely held companies (if applicable)

Current liabilities

Working capital:

Current assets – advances to directors, employees, shareholders, members, partners and affiliated companies or corporations or investments in affiliated companies or corporations and/or closely held companies (if applicable) – current liabilities

Fixed charge coverage ratio:

EBITDA (excluding extraordinary items) – dividends, withdrawals or other forms of distributions to members or partners – redemption of shares or units (if applicable) – purchase of non-financed tangible and intangible fixed assets +/- investment contributions or redemptions +/- advances to directors, employees and shareholders, and affiliated companies and corporations (if applicable)

Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio:

EBITDA (excluding extraordinary items)

Interest charges + principal payments made during the given fiscal year

Debt service coverage ratio (Real estate):

Net operating income

Interest charges + principal payments made during the given fiscal year

Ratio of interest-bearing to EBITDA:

Total of interest-bearing debts

EBITDA (excluding extraordinary items)

Debt / Tangible Net Worth ratio (Leverage ratio)

Total liabilities – future long-term income taxes (if applicable) – subordinated debt (if applicable)

Tangible net worth

OR

Net worth (specifically for a sole proprietorship)

“Net worth”: total assets – total liabilities.

“EBITDA”: earnings + interest + amortization +/- current/deferred income taxes.

“Interest-bearing debt”: Sum of bank debt, long-term debt, interest bearing balance of sale, capital lease obligations, guarantees in favour of third parties net of cash held by the Borrower.

“Subordinated debt”: any debt of the Borrower, its subsidiaries or affiliated companies or corporations towards one of their shareholders, partners, members, subsidiaries or towards any affiliated company; and any preferred share issued and paid up by the Borrower redeemable at the holder’s option, the payment of which is entirely subordinated to the sums due or that could become due to the Bank by the Borrower, its subsidiaries and affiliated companies or corporations.

“Net operating income”: Total rental income based on existing leases (for the next 12 months) + other property income (recovery of taxes, parking, laundry) – expense related to the property.

“Tangible net worth”

For corporations:

Shareholders’ equity (the sum of capital stock, retained earnings, contributed surplus) + future long-term income taxes + subordinated debt – [unsubordinated redeemable shares + intangible assets + advances to directors, employees and shareholders + advances to affiliated companies or corporations + investments in affiliated companies or corporations and/or closely held companies].

Corporations without share capital:

Partners’ equity (the sum of partners’ contributions, retained earnings, contributed surplus) + future long-term income taxes + subordinated debt – [uninvoiced work in progress, unsubordinated redeemable units + intangible assets + advances to partners, directors and employees + advances to affiliated companies or corporations + loans granted by the Bank to partners for the purpose of financing their capital contribution in the Borrower + investments in affiliated companies or corporations and/or closely held companies].

For cooperatives or not-for-profit corporations:

Members’ equity (capital stock + equity of the Borrower including the general reserve and retained surplus earnings (or accumulated deficits)) + future long-term income taxes + subordinated debt – [unsubordinated redeemable units + intangible assets + advances to directors, employees and members + advances to affiliated companies or corporations and/or closely held companies].