

SHARE PURCHASE AGREEMENT

BETWEEN

DATA COMMUNICATIONS MANAGEMENT CORP.

AND

CHRISTOPHER G. LUND

AND

MARINA LUND

AND

THE LUND FAMILY TRUST

MADE AS OF

APRIL 30, 2018

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SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made as of April 30, 2018 between DATA Communications Management Corp., a corporation incorporated under the laws of the Province of Ontario (the “**Purchaser**”), The Lund Family Trust, a trust created under the laws of the Province of Ontario, Marina Lund, an individual residing in the Province of Ontario, and Christopher Gerald Lund, an individual residing in the province of Ontario.

WHEREAS:

A. The Vendors are the beneficial and registered owners of the Shares;

B. The Vendors desire to sell or cause to be sold, and the Purchaser desires to purchase, the Shares upon and subject to the terms and conditions set out in this Agreement;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 **Definitions**

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

“**Adjustment Amount**” has the meaning set out in Section 7.10.

“**Affiliate**” means, with respect to any person, any other person that, directly or indirectly, Controls or is Controlled by or is under common Control with the referent person.

“**Agreement**” means this agreement, including its recitals and schedules, as amended from time to time.

“**Annual Financial Statements**” means, collectively, (i) the unaudited non-consolidated financial statements of Perennial Group of Companies Inc., consisting of the non-consolidated balance sheet as at the Balance Sheet Date and the non-consolidated statements of earnings, retained earnings and cash flows for the year then ended together with the notice to reader from Shimmerman Penn LLP, Chartered Accountants, thereon, (ii) the unaudited non-consolidated financial statements of Perennial Inc., consisting of the non-consolidated balance sheet as at the Balance Sheet Date and the non-consolidated statements of earnings, retained earnings and cash flows for the year then ended together with the review engagement report of Shimmerman Penn LLP, Chartered Professional Accountants, thereon, and (iii) the unaudited financial statements of The Finished Line Studios Inc., consisting of the balance sheet as at the Balance Sheet Date and the statements of earnings and retained earnings for the year then ended together with the notice to reader from Shimmerman Penn LLP, Chartered Professional Accountants in respect thereof.

“**Applicable Law**” means (i) any applicable domestic or foreign law, including any statute, subordinate legislation or treaty, and (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Authority whether or not having the force of law.

“**Balance Sheet**” means, collectively, the balance sheet of each of the Subject Corporations as at the Balance Sheet Date.

“**Balance Sheet Date**” means July 31, 2017.

“**Benefit Plans**” has the meaning set out in Section 3.01(1)(r)(i).

“**Bolton Lease**” means the lease to be entered into between The Finished Line Studios Inc., as tenant, and Christopher G. Lund, as landlord.

“**Books and Records**” means, with respect to a Subject Corporation, any and all books and records of such Subject Corporation related to the business thereof, including financial, operation and sales books, customer and supplier lists, operating data, files, computer files and programs, correspondence, credit information, research materials, licenses, leases, records of past sales, business plans and projections, deeds and title policies, budgets, financial statements and Tax Returns, and other data and information, financial or otherwise related to the foregoing, including all data, information and databases stored on computer-related or other electronic media.

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in the Province of Ontario.

“**Cash**” means the aggregate amount of each Subject Corporation’s unrestricted cash and highly liquid short term investments which may be readily converted to cash (such as money market holdings and commercial paper) on hand or in bank accounts, as determined in accordance with GAAP but reduced by (i) the amount of any issued or written but uncleared cheques, wires, drafts or similar obligations of a Subject Corporation, (ii) the amount of cash that represents the payment of an account receivable or other asset included in Working Capital, and (iii) any overdrafts or similar Liabilities.

“**CASL**” means *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act* and any other comparable Applicable Law.

“**Claim**” means any actual or threatened civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim or demand resulting therefrom or any other claim or demand of whatever nature or kind.

“**Closing**” means the consummation of the sale and purchase of the Shares in accordance with this Agreement.

“**Closing Date**” means May 7, 2018 or such other date as may be agreed to in writing by the Purchaser and the Vendors Representative.

“**Closing Indebtedness**” has the meaning set out in Section 2.02(ii).

“**Closing Statement**” has the meaning set out in Section 2.04(c).

“**Closing Transaction Expenses**” has the meaning set out in Section 2.02(iii).

“**Closing Working Capital**” means an amount equal to Working Capital as of immediately prior to the Closing.

“**Closing Working Capital Adjustment**” has the meaning set out in Section 2.04(b).

“**Compensation Policies**” has the meaning set out in Section 3.01(1)(r)(ii).

“**Competition Act**” means the *Competition Act* (Canada).

“**Contract**” means any agreement, contract, lease, commitment, understanding or other arrangement (whether oral or written and whether express or implied) and whether or not legally binding.

“**Control**” means, with respect to the relationship between or among two or more persons, the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a person, whether through the ownership of voting securities, as trustee or executor, by Contract or any other means, and the term “**Controlled**” has the meaning correlative to the foregoing.

“**Consideration Shares**” has the meaning set out in Section 2.03(1)(b).

“**Customer Deliverables**” has the meaning set out in Section 3.01(1)(o)(iv).

“**Defence Counsel**” has the meaning set out in Section 7.05.

“**Defence Notice**” has the meaning set out in Section 7.05.

“**Disclosure Letter**” means the disclosure letter delivered by the Vendors to the Purchaser concurrently with the execution of this Agreement.

“**Disputed Amounts**” has the meaning set out in Section 2.04(f).

“**Encumbrance**” means any charge, claim, lien, adverse claim, option, pledge, hypothec, security interest, mortgage, conditional sale or other title retention agreement, easement, defect in title, right of first offer, right of first refusal, license, sublicense or other similar restriction.

“**Ending Consideration Share Value**” means the product of 1,394,856 and the lesser of (i) \$1.79, and (ii) the value of the Consideration Shares on the first anniversary of the Closing Date, calculated using the volume weighted average closing price on the Exchange for the preceding 10 trading days.

“Environmental Law” means any Applicable Law relating to the protection and preservation of the environment, including those pertaining to (i) reporting, licensing, permitting, investigating, remediating and cleaning up in connection with any presence or Release, or the threat of the same, of Hazardous Substances, and (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling and the like of Hazardous Substances, including those pertaining to occupational health and safety.

“Estimated Purchase Price” has the meaning set out in Section 2.04(a).

“Exchange” means the Toronto Stock Exchange or any successor thereto.

“Exchange Approval” means the conditional approval by the Exchange of the listing and reserve for issuance of the Consideration Shares on the Exchange, and the consummation of the transactions contemplated by this Agreement, subject only to customary conditions for transactions of this type.

“Family” means, with respect to any individual, (i) such individual, (ii) any person to whom such individual is married or with whom such individual is living in a conjugal relationship outside marriage, and (iii) any relative of any person mentioned in clause (ii) of this definition.

“Financial Statements” means, collectively, the Annual Financial Statements and the Interim Financial Statements.

“Fundamental Representations” has the meaning set out in Section 7.01(1).

“GAAP” has the meaning set out in Section 1.05.

“Governmental Authority” means any domestic or foreign legislative, executive, judicial or administrative body or person having or purporting to have jurisdiction in the relevant circumstances and includes any Taxation Authority.

“Hazardous Substance” means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws, including pollutants, contaminants, dangerous goods or substances, toxic or hazardous substances or materials, wastes, including solid non-hazardous wastes and subject wastes, petroleum and its derivatives and by-products and other hydrocarbons, all as defined in or pursuant to any Environmental Law.

“Indebtedness” means, with respect to any person, without duplication, (i) all Liabilities of such person for borrowed money, whether current or funded, secured or unsecured, all Liabilities of such person evidenced by bonds, debentures, notes or similar instruments, and all Liabilities of such person in respect of mandatorily redeemable or purchasable share capital or securities convertible into share capital, including unpaid dividends, (ii) all Liabilities of such person for the deferred purchase price of property or services, (iii) all Liabilities of such person in respect of any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which are, and to the extent required to be classified and accounted for under GAAP as, capital leases, (iv) all Liabilities of such person evidenced by any letter of credit or similar credit transaction entered into for the purpose of securing any lease deposit only to the extent such person has actually drawn on credit, (v) all Liabilities of such person for the

reimbursement of any obligor on any letter of credit (to the extent drawn), banker's acceptance or similar instrument, (vi) any net debt or Liabilities under any derivative financial instrument and any debt or Liabilities in connection with terminating any such financial instrument, (vii) all guarantees by such person of any Liabilities of a third party of a nature similar to the types of Liabilities described in clauses (i), (ii), (iii), (v) or (vi) of this definition, to the extent of the obligation guaranteed, and (viii) all accrued but unpaid interest related to any Liabilities of the type referred to in clauses (i) through (vii) of this definition.

“**Indemnitee**” has the meaning set out in Section 7.05.

“**Indemnitor**” has the meaning set out in Section 7.05.

“**Independent Accountants**” has the meaning set out in Section 2.04(f).

“**Intellectual Property**” means intellectual property of any nature and kind, including all domestic and foreign trade-marks, business names, trade names, domain names, trading styles, patents, trade secrets, Software, industrial designs, copyrights, including any moral rights therein, integrated circuit topographies, and mask works, whether registered or unregistered, and all applications for registration thereof, and rights to claim priority to any of the foregoing, and inventions, formulae, recipes, product formulations, processes and processing methods, technology and techniques, and know-how.

“**Intellectual Property Rights**” has the meaning set out in Section 3.01(1)(o)(iii).

“**Interim Financial Statements**” means, collectively (i) the unaudited non-consolidated monthly financial statements of Perennial Group of Companies Inc., consisting of the non-consolidated balance sheets as of the last day of each of August, September, October, November and December 2017 and January and February 2018 (collectively, the “**Interim Months**”), respectively, and the non-consolidated statements of earnings for each of the Interim Months, (ii) the unaudited non-consolidated monthly financial statements of Perennial Inc., consisting of the non-consolidated balance sheets as of the last day of each of the Interim Months, respectively, and the non-consolidated statements of earnings for each of the Interim Months, and (iii) the unaudited non-consolidated monthly financial statements of The Finished Line Studios Inc., consisting of the non-consolidated balance sheets as at the last day of each of the Interim Months, respectively, and the non-consolidated statements of earnings for each of the Interim Months.

“**Interim Months**” has the meaning set out in the definition of Interim Financial Statements in Section 1.01.

“**Investment Canada Act**” means the *Investment Canada Act* (Canada).

“**knowledge**” means, with respect to each of the Vendors, the actual knowledge of Christopher Lund, Marina Lund or Armando Cappuccitti, in each case after due and diligent inquiry.

“**Lease Agreements**” has the meaning set out in Section 3.01(1)(k)(ii).

“**Leased Real Property**” has the meaning set out in Section 3.01(1)(k)(ii).

“Liability” means any liability, debt, obligation, loss, damage, claim, cost, expense or other charge, including costs of investigation and defense and legal counsel fees and expenses, of whatever kind or nature, in each case, whether direct or indirect, whether known or unknown, whether asserted or unasserted, whether choate or inchoate, whether secured or unsecured, whether liquidated or unliquidated, whether accrued or unaccrued, whether absolute or contingent and whether due or to become due.

“Licensed Intellectual Property” means all Intellectual Property other than shrink-wrap software and firmware that is used by any of the Subject Corporations but owned by another party.

“Lockup Agreement” means the lockup agreement relating to the Consideration Shares between the Purchaser and Marina Lund in substantially the form attached hereto as Schedule 1.01(A).

“Losses” means all damages, fines, penalties, deficiencies, losses, Liabilities, costs, Taxes, fees and expenses, including interest, court costs and reasonable fees and expenses of lawyers, accountants and other experts and professionals.

“Major Customers” has the meaning set out in Section 3.01(1)(y).

“Major Suppliers” has the meaning set out in Section 3.01(1)(y).

“Material Adverse Effect” means, with respect to any person, any change, event, violation, inaccuracy, circumstance or effect (any such item, an **“Effect”**), individually or when taken together with all other Effects that have occurred prior to the date of determination of the occurrence of a Material Adverse Effect, that is, or is reasonably likely to be, materially adverse to the business, assets (including intangible assets), Liabilities, capitalization, condition (financial or otherwise) or results of operations of such person and its Subsidiaries, taken as a whole, but excluding (i) changes in general economic conditions affecting the industry or markets in which the person operates, in each case, which do not disproportionately affect the person; (ii) changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index; and (iii) any action expressly required to be taken by the terms of this Agreement or any action taken with the written consent of, or at the written request of, the Purchaser or the Vendors or the Vendors Representative, as applicable.

“Material Contract” has the meaning set out in Section 3.01(1)(p)(i).

“Non-Competition / Non-Solicitation Agreements” means, collectively, the non-competition and non-solicitation agreement between the Purchaser and each of the Vendors, in substantially the form attached hereto as Schedule 1.01(B).

“Ordinary Course of Business” means, when used in relation to the taking of any action by a person, an action that (i) is consistent in nature, scope, and magnitude with the past practices of such person and is taken in the ordinary course of the normal, day-to-day operations of such person, and (ii) does not require authorization by the board of directors of such person (or by any person or group of persons exercising similar authority) and does not require any other separate or special authorization of any nature.

“Organizational Documents” means, in respect of any corporation, limited liability company, partnership, association, joint venture or other business entity, the articles and by-laws or similar organizational documents of such person.

“Owned Intellectual Property” means all Intellectual Property that is owned by any of the Subject Corporations.

“PDIPL Agreements” means, collectively, (i) the Services Agreement between Perennial Inc. and Perennial Designs International Private Limited dated April 4, 2017, (ii) the Services Agreement between Perennial Inc. and Perennial Designs International Private Limited dated April 2, 2017, and (iii) the Services Agreement between The Finished Line Studios Inc. and Perennial Designs International Private Limited dated April 4, 2017.

“Permits” means all permits, consents, waivers, licences, certificates, approvals, authorizations, registrations, franchises, rights, privileges, quotas and exemptions, or any item with a similar effect, issued or granted by any person.

“Permitted Debt” means the loan in the principal amount of \$2,094,448.66 advanced by Perennial Inc. to Perennial Group of Companies Inc.

“Permitted Encumbrances” means Encumbrances for current Taxes, assessments, charges or levies not yet due and payable or which are being contested in good faith and for which adequate accruals have been made on the Balance Sheet.

“Personal Information” means the type of information regulated by Privacy Laws and collected, used, disclosed or retained by any of the Subject Corporations, including information regarding the customers, suppliers, employees and agents of such Subject Corporation, such as an individual’s name, address, age, gender, identification number, income, family status, citizenship, employment, assets, liabilities, source of funds, payment records, credit information, personal references and health records.

“Pre-Closing Statement” has the meaning set out in Section 2.04(a).

“Pre-Closing Tax Period” means any taxation year or period ending on or before the Closing Date.

“Privacy Laws” means the *Personal Information Protection and Electronic Documents Act* (Canada), and any other federal, provincial, state, municipal or other Applicable Law governing the collection, use, disclosure and retention of Personal Information.

“Purchase Price” has the meaning set out in Section 2.02.

“Purchaser Basket Exclusions” has the meaning set out in Section 7.04(a).

“Purchaser Indemnitees” has the meaning set out in Section 7.02.

“Purchaser Note” has the meaning set out in Section 2.03(1)(c).

“**RBC**” means Royal Bank of Canada.

“**RBC Credit Card Debt**” means all Liabilities of any of the Subject Corporations in respect of any credit card issued by RBC in the name of any of the Subject Corporations or in respect of which any of the Subject Corporations has any Liability.

“**RBC Security**” means collectively, (i) all guarantees granted to RBC by any of the Subject Corporations, and (ii) all Encumbrances granted to RBC by any of the Subject Corporations to secure obligations owing to RBC, including all Encumbrances created pursuant to general security agreements entered into by any of the Subject Corporations in favour of RBC.

“**Related Agreements**” means, collectively, the Lockup Agreement, the Non-Competition / Non-Solicitation Agreements, the Purchaser Note and all other agreements and certificates entered into, or delivered, by the parties to this Agreement as expressly contemplated hereby in connection with the transactions contemplated herein.

“**Related Person**” means (i) with respect to any individual, (A) each other member of such individual’s Family, (B) any person that is directly or indirectly controlled by any one or more members of such individual’s Family, (C) any person in which such individual’s Family holds (individually or in the aggregate) 10% or more of the voting rights attached to all outstanding voting securities of the referent person, and (D) any person in respect of which one or more members of such individual’s Family serves as a director, officer, partner, manager, executor or trustee or in a similar capacity, and (ii) with respect to any person that is not an individual, (A) any Affiliate of such person, (B) any person that holds 10% or more of the voting rights attached to all outstanding voting securities of the referent person, (C) any person that serves as a director, officer, partner, manager, executor or trustee of the referent person or in a similar capacity, (C) any person in which the referent person holds 10% or more of the voting rights attached to all outstanding voting securities of the referent person, and (D) any person in respect of which the referent person serves as a director, officer, partner, manager, executor or trustee.

“**Release**” means any release or discharge of any Hazardous Substances, including any discharge, spray, injection, inoculation, abandonment, deposit, spillage, leakage, seepage, pouring, emission, emptying, throwing, dumping, placing, exhausting, escape, leach, migration, dispersal, dispensing or disposal.

“**Resolution Period**” has the meaning set out in Section 2.04(e).

“**Required Third Party Consents**” means those third party consents listed on Schedule 1.01(D), which are required to be delivered on or prior to the Closing pursuant to Section 5.01(l).

“**Review Period**” has the meaning set out in Section 2.04(d).

“**Rollover Forms**” has the meaning set out in Section 4.04.

“**Safe Income Statement**” has the meaning set out in Section 2.04(c).

“**Senior Lenders**” means, collectively, Integrated Private Debt Fund III LP, Integrated Private Debt Fund IV LP, Integrated Private Debt Fund V LP and Bank of Montreal.

“**Shares**” means, collectively, all of the issued and outstanding shares of each of Perennial Group of Companies Inc., Perennial Inc. and The Finished Studios Line Inc., respectively.

“**Software**” means all software relating to any of the Subject Corporations, including all versions thereof, and all related documentation, manuals, source code and object code, program files, data files, computer related data, field and data definitions and relationships, data definition specifications, data models, program and system logic, interfaces, program modules, routines, sub-routines, algorithms, program architecture, design concepts, system designs, program structure, sequence and organization, screen displays and report layouts, and all other material related to such software.

“**Statement of Objections**” has the meaning set out in Section 2.04(e).

“**Subject Corporations**” means, collectively, Perennial Group of Companies Inc., Perennial Inc. and The Finished Line Studios Inc.

“**Subsidiary**” means, with respect to any person, an entity which is Controlled by such person; and when used without reference to a particular person, “**Subsidiary**” means a Subsidiary of any of the Subject Corporations.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Tax Claim**” means a Claim relating to Taxes for which any of the Vendors may have liability pursuant to Article 7.

“**Taxes**” means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority including, (i) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, GST/HST, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, anti-dumping, countervail, excise, severance, stamp, occupation, or premium tax, (ii) all withholdings on amounts paid to or by the relevant person, (iii) all employment insurance premiums, Canada, Québec and any other pension plan contributions or premiums, (iv) any fine, penalty, interest, or addition to tax, (v) any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee, and (vi) any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law.

“**Tax Returns**” means all returns, reports, declarations, statements, bills, schedules, forms or written information of, or in respect of, Taxes that are, or are required to be, filed with or supplied to any Taxation Authority.

“**Tax Representations**” means the representations and warranties of the Vendors set out in Section 3.01(1)(s).

“Taxation Authority” means any domestic or foreign government, agency or authority that is entitled to impose Taxes or to administer any applicable Tax legislation.

“TD” means Toronto-Dominion Bank.

“TD Loan” means the loan evidenced by the agreement dated as of August 15, 2012 between Perennial Inc., as borrower and TD, as lender.

“TD Payout Letter” has the meaning set out in 2.06(a)(xi).

“TD Security” means collectively, (i) all guarantees granted to TD by any of the Subject Corporations, and (ii) all Encumbrances granted to TD by any of the Subject Corporations to secure obligations owing to TD, including all Encumbrances created pursuant to general security agreements entered into by any of the Subject Corporations in favour of TD.

“Technology” has the meaning set out in Section 3.01(1)(o)(iii).

“Third Party Claim” means a Claim made against any person entitled to indemnification under this Agreement by any person who is not a party to this Agreement.

“Third Party Proceeding” has the meaning set out in Section 7.05.

“Transaction Expenses” means, to the extent not already considered as current liabilities in the calculation of Working Capital, the aggregate of (i) all legal, financial advisory, accounting and other costs and expenses, including any brokerage fees, commissions and finders’ fees, incurred by or on behalf of, or subject to reimbursement by, any of the Subject Corporations in connection with the Vendor Reorganization or the negotiation, execution, delivery and performance of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby, including the fees and expenses of Goodmans LLP and Shimmerman Penn LLP, and (ii) all success, retention, change of control, incentive, severance or other similar payments to directors, officers or employees of any of the Subject Corporations, in each case that are payable in connection with or as a result of the consummation of the transactions contemplated by this Agreement or any Related Agreement, together with the employer’s portion of the employment Taxes associated with any such payments.

“Vendor Basket Exclusions” has the meaning set out in Section 7.04(b).

“Vendor Indemnitees” has the meaning set out in Section 7.03.

“Vendor Indemnitors” has the meaning set out in Section 7.02.

“Vendors” means, collectively, Marina Lund, Christopher Gerald Lund and The Lund Family Trust.

“Vendors Representative” has the meaning set out in Section 8.01.

“Vendor Reorganization” means the transactions set out in the memorandum of Mark McGinnis dated April 10, 2018 entitled “Non-core Assets in Perennial Corporations” and

attached as Schedule 1.01(E) (and, without limitation, for purposes of Schedule 1.01(E), “IPP” means the individual pension plan for Chris Lund and Marina Lund referenced in paragraph 8 under the heading “Facts and Assumptions” in such memorandum) together with any dividend declared or paid by any Subject Corporation after the date of this Agreement and prior to Closing.

“**Volkswagen**” means VW Credit Canada Inc.

“**Volkswagen Lease**” means the lease entered into between Perennial Inc. and **[TEXT REDACTED: the omitted text sets forth the name of the counterparty]** dated December 2, 2017.

“**Volkswagen Security**” means collectively, (i) all guarantees granted to Volkswagen by any of the Subject Corporations, and (ii) all Encumbrances granted to Volkswagen by any of the Subject Corporations to secure obligations owing to Volkswagen, including all Encumbrances created pursuant to general security agreements entered into by any of the Subject Corporations in favour of Volkswagen.

“**Working Capital**” means (i) the combined current assets of the Subject Corporations (including Cash but excluding intercompany receivables between or among the Subject Corporations), less (ii) the combined current liabilities of the Subject Corporations (excluding Indebtedness, Transaction Expenses, and intercompany payables between or among the Subject Corporations), all calculated in accordance with GAAP, consistently applied.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.03 **Extended Meanings**

In this Agreement words importing the singular number only include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities. The term “including” means “including without limiting the generality of the foregoing”.

1.04 **Statutory References**

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that

statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.05 **Accounting Principles**

Wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with generally accepted accounting principles (“GAAP”), such reference will be deemed to be to the generally accepted accounting principles (including, as it relates to each of the Subject Corporations, accounting standards for private enterprises) from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation or action is made or taken or required to be made or taken.

1.06 **Currency**

All references to currency herein are to lawful money of Canada.

1.07 **Schedules and Disclosure Letter**

The following are the Schedules to this Agreement:

Schedule 1.01(A)	Form of Lockup Agreement
Schedule 1.01(B)	Form of Non-Competition / Non-Solicitation Agreement
Schedule 1.01(D)	Required Third Party Consents
Schedule 1.01(E)	Vendor Reorganization
Schedule 2.01	Ownership of Shares; Allocation of Cash Consideration; and Registration of Consideration Shares
Schedule 2.03(c)	Form of Purchaser Note
Schedule 5.01(k)	Form of Release in Favour of Subject Corporations
Schedule 5.02(m)	Form of Release in Favour of Vendors and Directors

Notwithstanding anything contained in the Disclosure Letter to the contrary, the information disclosed in any section of the Disclosure Letter will be sufficient disclosure in each other section of the Disclosure Letter in which the reference to such information would be readily apparent on the face thereof. The inclusion of any information in any Schedule (or any update) shall not be deemed to be an acknowledgement, in and of itself, that such information is required to be disclosed, is material to the Vendors, as applicable, has resulted in or would result in a Material Adverse Effect or is outside the Ordinary Course of Business.

ARTICLE 2 - SALE AND PURCHASE

2.01 Shares to be Sold and Purchased

Upon and subject to the terms and conditions hereof, each of the Vendors will sell to the Purchaser the Shares set opposite such Vendor's name on Schedule 2.01 and the Purchaser will purchase the Shares from the Vendors, at the Closing.

2.02 Purchase Price

The aggregate purchase price payable to the Vendors for the Shares (such amount being hereinafter referred to as the "**Purchase Price**") will be an amount equal to:

- (i) \$12,000,000; minus
- (ii) the aggregate amount of Indebtedness (other than Permitted Debt) of the Subject Corporations as of immediately prior to the Closing (the "**Closing Indebtedness**") to the extent not repaid at Closing; minus
- (iii) the Transaction Expenses to the extent not paid prior to the Closing (the "**Closing Transaction Expenses**"); plus or minus
- (iv) the amount, if any, of the Closing Working Capital Adjustment.

2.03 Payment of Purchase Price

- (1) The Purchase Price will be payable as follows:
 - (a) an aggregate amount equal to \$7,000,000 less the aggregate amount of Closing Indebtedness and Closing Transaction Expenses set forth on the Pre-Closing Statement plus or minus, as applicable, the amount of any Closing Working Capital Adjustment set forth on the Pre-Closing Statement, by wire transfer at the Closing of immediately available funds to the account or accounts specified by the Vendors Representative pursuant to written wire instructions delivered to the Purchaser by the Vendors Representative at least three (3) Business Days prior to the Closing Date;
 - (b) \$2,500,000 by delivery as directed by the Vendors Representative to the Purchaser in writing at least three (3) Business Days prior to the Closing Date, at the Closing of an aggregate of 1,394,856 common shares of the Purchaser, registered in the name of [TEXT REDACTED: the name of the Vendor has been redacted] in accordance with Schedule 2.01, such common shares being fully paid and non-assessable (the "**Consideration Shares**");
 - (c) by delivery to the Vendors Representative at the Closing of a promissory note in the principal amount of \$2,500,000 (subject to adjustment in accordance with the terms of this Agreement) in the form set out in Schedule 2.03(1)(c) (the

“**Purchaser Note**”), payable in three instalments, by wire transfer before 5:00 p.m. (Toronto time) on the following dates and in the following amounts:

- (i) \$1,000,000 on the first anniversary of the Closing Date;
- (ii) \$1,000,000 on the second anniversary of the Closing Date; and
- (iii) \$500,000 on the third anniversary of the Closing Date;

of immediately available funds to the account specified by the Vendors Representative pursuant to written wire instructions delivered to the Purchaser by the Vendors Representative at least three (3) Business Days prior to the Closing Date or as otherwise directed by the Vendors Representative; and

- (d) by the Purchaser or the Vendors, as applicable, satisfying any adjustment to the Purchase Price pursuant to Section 2.04.

(2) For greater certainty, the delivery of the Purchaser Note will not constitute payment of any consideration of any portion of the Purchase Price, and the Purchaser Note only evidences the Purchaser’s obligation to make future payments in respect of the Purchase Price.

2.04 **Purchase Price Adjustment**

The Purchase Price will be adjusted as follows:

- (a) At least three (3) Business Days before the Closing Date, the Vendors Representative will prepare and deliver to the Purchaser a statement (the “**Pre-Closing Statement**”) setting forth (by separate line item and in reasonably sufficient detail to enable the Purchaser’s review and analysis of such statement) (i) the Vendors Representative’s good faith estimate of (A) Closing Working Capital, (B) Closing Indebtedness, and (C) Closing Transaction Expenses, and (ii) based on such estimates, the Vendors Representative’s good faith estimate of the Purchase Price (the “**Estimated Purchase Price**”). The Pre-Closing Statement will also contain an estimated consolidated balance sheet of the Subject Corporations as of immediately prior to the Closing (without giving effect to the transactions contemplated hereby).
- (b) The “**Closing Working Capital Adjustment**” will be an amount equal to the Closing Working Capital minus \$[**TEXT REDACTED: the working capital target has been redacted**]. If the Closing Working Capital Adjustment is a positive number, the Purchase Price will be increased by the amount of the Closing Working Capital Adjustment. If the Closing Working Capital Adjustment is a negative number, the Purchase Price will be reduced by the amount of the Closing Working Capital Adjustment.
- (c) Within 90 days after the Closing Date, the Vendors Representative will prepare and deliver to the Purchaser a statement (the “**Closing Statement**”) setting forth (by separate line item and in reasonably sufficient detail to enable the

Purchaser's review and analysis of such statement) the Vendors' good faith calculation of each of the items set forth on the Pre-Closing Statement, which statement will contain an unaudited balance sheet of the Subject Corporations on a consolidated basis as of immediately prior to the Closing (without giving effect to the transactions contemplated hereby). The Closing Statement, and the determination of the Closing Working Capital, Closing Indebtedness, Closing Transaction Expenses and the Purchase Price, will be prepared consistent with the basis and methodology of the preparation of the Pre-Closing Statement and the amounts set out therein. Concurrently with, or prior to, the delivery of the Closing Statement, the Vendors Representative will deliver to the Purchaser a statement (the "**Safe Income Statement**") setting forth in reasonably sufficient detail to enable the Purchaser's review and analysis of such statement) a calculation of the safe income supporting any dividend declared or paid by any Subject Corporation prior to Closing.

- (d) After receipt of the Closing Statement, the Purchaser will have thirty (30) Business Days (the "**Review Period**") to review the Closing Statement. During the Review Period, the Purchaser and its accountants will have full access to the books and records of each of the Subject Corporations, the personnel of, and work papers prepared by, the Vendors Representative or the Vendors' accountants (or both of them) to the extent that they relate to the Closing Statement and to such historical financial information relating to the Closing Statement as the Purchaser may reasonably request for the purpose of reviewing the Closing Statement and to prepare a Statement of Objections. The Purchaser will have the same such access in relation to the Safe Income Statement.
- (e) On or prior to the last day of the Review Period, the Purchaser may object to the Closing Statement by delivering to the Vendors Representative a written statement setting forth the Purchaser's objections in reasonable detail, indicating each disputed item or amount and the basis for the Purchaser's disagreement therewith (the "**Statement of Objections**"). If the Purchaser fails to deliver the Statement of Objections before the expiration of the Review Period, the Closing Statement and Closing Working Capital, Closing Indebtedness and Closing Transaction Expenses and any adjustment to the Purchase Price, in each case as reflected in the Closing Statement will be deemed to have been accepted by the Purchaser and will be final and binding for purposes of this Agreement. If the Purchaser delivers the Statement of Objections before the expiration of the Review Period, the Purchaser and the Vendors Representative will negotiate in good faith to resolve such objections within 20 Business Days after the delivery of the Statement of Objections (the "**Resolution Period**"), and, if such objections are so resolved within the Resolution Period, the Closing Statement, Closing Working Capital, Closing Indebtedness and Closing Transaction Expenses, and any adjustment to the Purchase Price, in each case as with such changes as may have been previously agreed in writing by the Purchaser and the Vendors Representative, will be final and binding for purposes of this Agreement.

- (f) If the Vendors Representative and the Purchaser fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute (“**Disputed Amounts**”) will be submitted for resolution to the Toronto office of KPMG LLP or, if KPMG LLP is unable to serve, to the Toronto office of Ernst & Young LLP, or if each of KPMG LLP and Ernst & Young LLP is unable to serve, the Purchaser and the Vendors Representative will, within five (5) Business Days of the expiration of the Resolution Period, appoint by mutual agreement the office of an impartial nationally recognized firm of independent chartered accountants other than the Vendors’ accountants or the Purchaser’s accountants (the “**Independent Accountants**”) who, acting as experts and not arbitrators, will resolve the Disputed Amounts only and make any adjustments to Closing Statement and, or, the Purchase Price. The parties hereto agree that all adjustments will be made without regard to materiality. The Independent Accountants will only decide the specific items under dispute by the parties and their decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Statement and the Statement of Objections, respectively. The Vendors Representative and the Purchaser will each submit to the Independent Accountants their respective calculation and determination of the matters that are specified in the Statement of Objections and will make available all documents and information as are reasonably required by the Independent Accountants to make its determination. Each of the Vendors and the Purchaser will cooperate fully with the Independent Accountants so as to enable it to make its determination.
- (g) The Independent Accountants will be instructed to make a determination as soon as practicable within twenty (20) Business Days (or such other time as the Purchaser and the Vendors Representative agree upon in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Closing Statement and, or, the Purchase Price, if any, will be conclusive and binding upon the parties hereto.
- (h) If the Purchase Price as finally determined pursuant to Section 2.04(e) or (g) exceeds the Estimated Purchase Price, then (A) if such excess is less than \$100,000, such amount will be payable in cash by the Purchaser to the Vendors in accordance with the instructions delivered by the Vendors Representative pursuant to Section 2.03(1)(a), and (B) if such excess equals or exceeds \$100,000, the principal amount of the Purchaser Note will be increased by an amount equal to such excess and the first payment under the Purchaser Note will be adjusted such that the entire adjusted principal amount of the Purchaser Note is payable in the first instalment. If the Estimated Purchase Price exceeds the Purchase Price as finally determined pursuant to Section 2.04(e) or (g), then (A) if such excess is less than \$100,000, such amount will be payable by the Vendors to the Purchaser, and (B) if such excess equals or exceeds \$100,000, the principal amount of the Purchaser Note will be decreased by an amount equal to such excess and the first payment under the Purchaser Note will be adjusted such that the entire adjusted principal amount of the Purchaser Note is

payable in the first instalment. No Indemnitee will be entitled to recover for a Loss pursuant to Article 7 with respect to any amount that was included in the calculation of any adjustment to the Purchase Price or previously deducted from the Purchase Price.

- (i) Except as otherwise provided herein, any adjustment to the Purchase Price and the Purchaser Note pursuant to Section 2.04(h) will (i) be due and made (A) within five (5) Business Days of acceptance or deemed acceptance of the applicable Closing Statement, or (B) if there are Disputed Amounts, then within five (5) Business Days of the resolution of such Disputed Amounts; and (ii) (A) if less than \$100,000, will be payable in immediately available funds, and (B) if equal to or greater than \$100,000, be reflected by an adjustment to the outstanding principal amount of the Purchaser Note. If and to the extent that any such adjustment is payable by the Vendors and is greater than the principal amount of the Purchaser Note then outstanding, the difference will be paid in cash by the Vendors to the Purchasers within five (5) Business Days of final determination of such adjustment.
- (j) The Vendors will pay a portion of the fees and expenses of the Independent Accountants equal to 100% multiplied by a fraction, the numerator of which is the amount of Disputed Amounts submitted to the Independent Accountants that are resolved in favour of the Purchaser (that being the difference between the Independent Accountants' determination and the Vendors' determination) and the denominator of which is the total amount of Disputed Amounts submitted to the Independent Accountants (that being the sum total by which the Purchaser's determination and the Vendors' determination differ from the determination of the Independent Accountants). The Purchaser will pay that portion of the fees and expenses of the Independent Accountants that the Vendors are not required to pay hereunder.

2.05 **Closing**

Subject to Section 5.04, the purchase and sale of the Shares provided for in this Agreement will take place at 8:00 a.m. on the Closing Date at the offices of McCarthy Tétrault LLP, Toronto, Ontario or such other date, time and place as is agreed upon by the Purchaser and the Vendors Representative.

2.06 **Closing Obligations**

At the Closing:

- (a) The Vendors will deliver to the Purchaser:
 - (i) certificates representing the Shares, endorsed for transfer to the Purchaser;
 - (ii) the Organizational Documents of each of the Subject Corporations duly certified as of the Closing Date by an officer of such Subject Corporation, as applicable;

- (iii) a copy of the resolutions of the respective boards of directors of the Subject Corporations approving the transactions contemplated by this Agreement, duly certified as of the Closing Date by an officer of such Subject Corporation, as applicable;
 - (iv) a copy of the resolutions of the trustees of the Lund Family Trust approving the transactions contemplated by this Agreement, duly certified as of the Closing Date by a trustee of The Lund Family Trust;
 - (v) the resignations referred to in Section 5.01(i);
 - (vi) the releases referred to in Section 5.01(k);
 - (vii) the certificate referred to in Section 5.01(c);
 - (viii) an executed counterpart to the Lockup Agreement;
 - (ix) the Required Third Party Consents;
 - (x) a payout letter (the “**TD Payout Letter**”) and undertaking to discharge security interests from TD, in a form acceptable to the Purchaser, acting reasonably;
 - (xi) a release from RBC of all of the Encumbrances granted to RBC and any guarantees provided to RBC by any of the Subject Corporations, in a form acceptable to the Purchaser, acting reasonably;
 - (xii) an executed counterpart to the Non-Competition/Non-Solicitation Agreement;
 - (xiii) an executed Bolton Lease on terms satisfactory to the Purchaser; and
 - (xiv) executed amendments for each of the PDIPL Agreements, each on terms satisfactory to the Purchaser.
- (b) The Purchaser will deliver to the Vendors:
- (i) the amount contemplated by Section 2.03(1)(a);
 - (ii) certificate(s) representing the Consideration Shares contemplated by Section 2.03(1)(b);
 - (iii) an executed Purchaser Note;
 - (iv) a copy of the resolutions of the board of directors of the Purchaser approving the transactions contemplated by this Agreement, duly certified as of the Closing Date by an officer of the Purchaser;

- (v) a copy of the Exchange Approval and evidence of the satisfaction of all conditions set out therein, to the extent such conditions can be satisfied prior to the Closing and where such conditions cannot be satisfied prior to the Closing, an undertaking from the Purchaser that it will use commercially reasonable efforts to satisfy such conditions as soon as reasonably practicable following the Closing;
- (vi) the certificate referred to in Section 5.02(c);
- (vii) an executed counterpart to the Lockup Agreement; and
- (viii) an executed counterpart to the Non-Competition/Non-Solicitation Agreement.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties of the Vendors

(1) Each of the Vendors jointly and severally represents and warrants to the Purchaser that:

- (a) *Organization and Authority.* Each of the Subject Corporations is a corporation duly incorporated, organized and validly subsisting under the laws of the Province of Ontario with the corporate power to own its assets and to carry on its business and has made all necessary filings under all applicable corporate, securities or any other Applicable Laws, except where the failure to make such filings would not, individually or in the aggregate, interfere, in any material respect, with the ownership of any Subject Corporation's property or the conduct of the business of any Subject Corporation or the consummation of any of the transactions contemplated hereby or by any Related Agreement. The Vendors have delivered to the Purchaser a true and correct copy of the Organizational Documents of each of the Subject Corporations. The board of directors of each of the Subject Corporations has approved or proposed any amendment to such Organizational Documents. Section 3.01(1)(a) of the Disclosure Letter lists the directors and officers of each of the Subject Corporations as of the date of this Agreement. The operations of each of the Subject Corporations are not now, and have not been in the last five (5) years, conducted by each of the Subject Corporations under any name other than its existing name. Each of the Subject Corporations is a "private issuer" for the purposes of National Instrument 45-106 – *Prospectus Exemptions*.
- (b) *Capitalization of the Subject Corporations.*
 - (i) Section 3.01(1)(b)(i) of the Disclosure Letter lists the name of each owner (of record and beneficially) of each class or series of shares of each of the Subject Corporations, the number of shares held by each such person, the number of applicable share certificates representing such shares and the domicile address of each such person.

- (ii) The authorized capital of (A) Perennial Group of Companies Inc. consists of 100 common shares, of which 100 common shares have been validly issued and are outstanding as fully paid and non-assessable, (B) Perennial Inc. consists of an unlimited number of common shares, of which 3,886 common shares have been validly issued and are outstanding as fully paid and non-assessable, and (C) The Finished Line Studios Inc. consists of an unlimited number of common shares and an unlimited number of preferred shares, of which 10 common shares and 100,000 preferred shares have been validly issued and are outstanding as fully paid and non-assessable.
- (iii) All of the outstanding securities of each of the Subject Corporations are owned of record and beneficially by the Vendors as set forth on Schedule 2.01 free of any Encumbrances and restrictions on transfer (other than restrictions under applicable securities laws). The Vendors have good, valid and marketable title to the Shares. All of the Shares were issued in compliance with Applicable Laws and none of the Shares was issued in violation of (A) any Contract to which any of the Vendors or any of the Subject Corporations is a party or by which it is bound, or (B) any preemptive or similar rights created by Applicable Law, the Organizational Documents of any of the Subject Corporations or any Contract to which any of the Subject Corporations is a party or by which any is bound.
- (iv) There is no Encumbrance, Contract, option or any other right of another binding upon or which at any time in the future may become binding upon (A) any of the Vendors to sell, transfer, assign, hypothecate, pledge, charge, mortgage or in any other way dispose of or encumber any of the Shares, (B) any of the Subject Corporations to allot or issue any of the unissued shares of such Subject Corporation or to create any additional class of shares, or (C) any of the Subject Corporations to sell, transfer, assign, hypothecate, pledge, mortgage or in any other way dispose of or encumber any of the assets of such Subject Corporation.
- (v) There are no outstanding or authorized options, warrants, call or exchange rights, convertible securities or other rights, agreements, arrangements or commitments of any character relating to the authorized or issued capital of any of the Subject Corporations or obligating any of the Subject Corporations to issue, deliver, sell, repurchase or redeem any securities of any of the Subject Corporations. None of the Subject Corporations has any outstanding or authorized any stock appreciation, phantom stock, profit participation or similar rights. There are no voting trusts, shareholder agreements, proxies or other agreements, arrangements or commitments in effect with respect to the voting or transfer of any of the Shares.
- (vi) Except as set out in Section 3.01(1)(b)(vi) of the Disclosure Letter, there are no outstanding loans from any of the Subject Corporations to any

holder of Shares, any Vendor or any Related Person of a Vendor and at Closing no such Loan will be outstanding.

- (c) *No Subsidiaries.* Except as set out in Section 3.01(1)(c) of the Disclosure Letter, (i) none of the Subject Corporations has any Subsidiaries, and (ii) none of the Subject Corporations holds any securities of, or ownership interest in, any person.
- (d) *Authority and Enforceability.* Each of the Vendors (i) if not an individual, has been duly incorporated, formed or created, is validly subsisting and is in good standing under the Applicable Laws of its jurisdiction of incorporation, formation or creation, and (ii) has the requisite, power, authority and right to enter into and deliver this Agreement and any Related Agreements to which it is a party and to perform his, her or its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. Each Vendor that is an individual is of the full age of majority and legally competent to enter into this Agreement and each Related Agreement to which it is a party and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and any Related Agreements to which any of the Vendors is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of such Vendor and its shareholders (as applicable) and this Agreement and any Related Agreement to which it is a party has been duly executed and delivered by each of the Vendors and, assuming the due authorization, execution and delivery of this Agreement and any Related Agreement to which it is a party by the Purchaser, constitutes a valid and legally binding obligation of each of the Vendors enforceable against each of them in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that (i) specific performance is an equitable remedy available only in the discretion of the court.
- (e) *No Conflicts; Consents; Claims.* The execution, delivery and performance by each of the Vendors of this Agreement and any Related Agreements to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) result in a violation of any provision of the Organizational Documents of such Vendor (as applicable) or any of the Subject Corporations or any resolution adopted by the board of directors or the shareholders (or persons exercising similar authority) of such Vendor (as applicable) any of the Subject Corporations; (ii) result in a violation of any provision of any Applicable Law in respect of which any of the Subject Corporations or any of the Vendors must comply; (iii) except as set forth in Section 3.01(1)(e) of the Disclosure Letter (which includes disclosure of the Required Third Party Consents), require the consent, waiver, approval of, notice

to or other action of any person under, contravene, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel, result in the loss of any benefit to which any of the Subject Corporations is entitled under, any Contract to which any of the Subject Corporations is a party or by which any of the Subject Corporations is bound or to which any of their respective properties and assets are subject or any Permit affecting the properties, assets or business of any of the Subject Corporations, except where the failure to obtain the consent, waiver, approval or notice would not, individually or in the aggregate, interfere, in any material respect, with the ownership of any Subject Corporation's property or the conduct of the business of any Subject Corporation or the consummation of any of the transactions contemplated hereby or by any Related Agreement; (iv) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of any of the Subject Corporations; (v) cause any of the Subject Corporations to become subject to, or to become liable for payment of, any Tax (other than resulting from the deemed year-end on the change of control of any of the Subject Corporations); or (vi) cause any property or asset of any of the Subject Corporations to be reassessed or revalued by any Governmental Authority. No consent, approval, Permit, declaration or filing with, or notice to, any Governmental Authority is required by any of the Vendors, or any of the Subject Corporations, in connection with the execution, delivery and performance of this Agreement or any Related Agreement to which any of the Vendors is a party and the consummation of the transactions contemplated hereby and thereby. There are no Claims in progress or, to the knowledge of the Vendors, pending or threatened against any of the Vendors, with respect to the Shares that could affect a Vendor's performance under this Agreement or any Related Agreement to which it is a party or the consummation of the transactions contemplated hereby or thereby. There is no judgment, order, writ, injunction, decree or similar award outstanding or, to the knowledge of the Vendors, pending or threatened against any of the Vendors or by which any Vendor is bound which relates to the Shares or that could materially affect a Vendor's performance of the Agreement or any Related Agreement to which it is a party or the consummation of the transactions contemplated hereby or thereby. Except as disclosed in Section 3.01(1)(e) of the Disclosure Letter, none of the Vendors beneficially owns, or exercises control or direction over, any common shares of the Purchaser.

- (f) *Books and Records.* The Books and Records are true and correct in all material respects and present fairly and disclose in all material respects the non-consolidated financial position of each of the Subject Corporations, and all material financial transactions of each of the Subject Corporations have been accurately recorded in the respective Books and Records in accordance with sound business and financial practices and the books and records accurately reflect the basis for the financial condition, and revenues and expenses resulting from operations of each of the Subject Corporations.

- (g) *Financial Statements.* The Financial Statements are: (i) in accordance with the books and accounts of (A) in the case of the Annual Financial Statements, each of the Subject Corporations, as at the Balance Sheet Date, and (B) in the case of the Interim Financial Statements, each of Perennial Inc. and The Finished Line Studios Inc., as at the last day of each Interim Month, respectively; and (ii) true and correct in all material respects and present fairly the non-consolidated financial position of each of the Subject Corporations as at (A) in the case of the Annual Financial Statements, the Balance Sheet Date and the non-consolidated results of operations and cash flows of each of the Subject Corporations for the periods covered thereby, and (B) in the case of the Interim Financial Statements, the last day of each Interim Month, respectively, and the non-consolidated results of operations and cash flows of Perennial Inc. and the Finished Line Studios Inc., respectively, for the periods covered thereby, and have been prepared in accordance with GAAP consistently applied.
- (h) *Internal Controls.* None of the Vendors has any knowledge of (i) any material deficiencies in the design or operation of any of the Subject Corporation's internal controls that could have affected, or adversely affect, any of the Subject Corporation's ability to record, process, summarize and report financial data; nor (ii) any fraud or possible irregularities, whether or not material, that involve management or other employees of any of the Subject Corporations who have had a significant role in internal controls or that could have an effect on the accuracy of the Financial Statements.
- (i) *No Undisclosed Liabilities.* Neither of Perennial Inc. nor The Finished Line Studios Inc. has any Liability (whether or not required to be disclosed in a balance sheet prepared in accordance with GAAP) and, to the knowledge of the Vendors, there are no facts, circumstances or events that exist that may give rise to any such Liabilities except for (A) Liabilities set out or reflected in the Balance Sheet, (B) Liabilities that have been incurred by any of the Subject Corporations since the Balance Sheet Date in the Ordinary Course of Business of such Subject Corporation, and (C) Liabilities set out or reflected in the Pre-Closing Statement or Closing Statement. Perennial Group of Companies Inc. has no Liabilities and at no time has Perennial Group of Companies Inc. carried on any active business, employed any person, been a party to, or bound by, any Material Contract or owned or leased any asset or property, except for those listed in Schedule 3.01(1)(k)(ii) (the "**Lease Agreements**") and 3.01(1)(p)(i) (the "**Material Contracts**"). All of the Permitted Debt is unsecured.
- (j) *Absences of Certain Changes.* Except as set out in Section 3.01(1)(j) of the Disclosure Letter, since the Balance Sheet Date there has not occurred or arisen, any:
 - (i) amendment of the Organizational Documents of any of the Subject Corporations;

- (ii) split, consolidation or reclassification of any shares of its authorized capital of any of the Subject Corporations;
- (iii) issuance, sale or other disposition of any of the shares of any of the Subject Corporations (except as expressly contemplated by the Vendor Reorganization), or grant of any options, warrants or other rights to purchase or obtain, including upon conversion, exchange or exercise, any of the shares of any of the Subject Corporations;
- (iv) declaration, setting aside or payment of any dividends or distributions (whether in cash, securities or property) on or in respect of any of the shares or redemption (except as expressly contemplated by the Vendor Reorganization), purchase or acquisition of the shares of any of the Subject Corporations;
- (v) change in any method of accounting or accounting practice of any of the Subject Corporations, except as required by GAAP or as disclosed in the notes to the Financial Statements;
- (vi) incurrence, assumption or guarantee by any of the Subject Corporations of any Indebtedness except for Indebtedness incurred pursuant to the TD Loan;
- (vii) except as expressly contemplated by the Vendor Reorganization, transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Balance Sheet except dealings in inventory in the Ordinary Course of Business;
- (viii) material damage, destruction or loss (whether or not covered by insurance) to the property of any of the Subject Corporations;
- (ix) capital investment by any of the Subject Corporations in any other person;
- (x) acceleration, termination, material modification to or cancellation of any Material Contract;
- (xi) material capital expenditures by any of the Subject Corporations;
- (xii) imposition of any Encumbrance upon any of the property or assets, tangible or intangible, of any of the Subject Corporations;
- (xiii) (A) grant of any bonuses, whether monetary or otherwise, or increase in wages, salary, severance, pension or other compensation or benefits in respect of any of the employees, officers, directors, independent contractors or consultants of any of the Subject Corporations for which the aggregate costs and expenses exceed, \$[**TEXT REDACTED: the omitted text sets out an amount**] individually, or \$[**TEXT REDACTED: the omitted text sets out an amount**] in the aggregate, (B)

change in the terms of employment for any employee or any termination of any employees of any of the Subject Corporations for which the aggregate costs and expenses exceed \$[**TEXT REDACTED: the omitted text sets out an amount**], or (C) action to accelerate the vesting or payment of any compensation or benefit for any employee, officer, director, independent contractor or consultant of any of the Subject Corporations;

- (xiv) adoption, modification or termination of any: (A) employment, severance, retention or other agreement with any current or former employee, officer, director, independent contractor or consultant of any of the Subject Corporations, or (B) Benefit Plans;
 - (xv) except as expressly contemplated by the Vendor Reorganization, loan to (or forgiveness of any loan to), or entry into any other transaction with, any shareholder, director, officer or employee of any of the Subject Corporations;
 - (xvi) entry into by any of the Subject Corporations of a new line of business or abandonment or discontinuance of existing lines of business;
 - (xvii) adoption by any of the Subject Corporations of any plan of arrangement, reorganization (other than the transactions expressly contemplated by the Vendor Reorganization), liquidation or dissolution or filing of a petition in bankruptcy under any provisions of any Applicable Law or consent to the filing of any bankruptcy petition against any of the Subject Corporations under any similar Applicable Law;
 - (xviii) purchase, lease or other acquisition by any of the Subject Corporations of the right to own, use or lease any property or assets for an amount in excess of \$[**TEXT REDACTED: the omitted text sets out an amount**], individually (in the case of a lease, per annum) or \$[**TEXT REDACTED: the omitted text sets out an amount**] in the aggregate (in the case of a lease, for the entire term of the lease), except for purchases of inventory or supplies in the Ordinary Course of Business of any Subject Corporation;
 - (xix) purchase by any of the Subject Corporations of a substantial portion of the assets, property, or shares of, or by any other manner, any business or any person or any division thereof;
 - (xx) any Material Adverse Effect in respect of any of the Subject Corporations;
or
 - (xxi) any Contract to do any of the foregoing.
- (k) *Real and Leased Property.*
- (i) None of the Subject Corporations currently owns any real property.

- (ii) Section 3.01(1)(k)(ii) of the Disclosure Letter sets forth a list of all real property currently leased, subleased or licensed by or from any of the Subject Corporations or otherwise used or occupied by any of the Subject Corporations (the “**Leased Real Property**”). Section 3.01(1)(k)(ii) of the Disclosure Letter sets forth a list of all leases, lease guaranties, subleases, agreements for the leasing, license or occupancy of, or otherwise granting a right in or relating to the Leased Real Property, and all amendments, terminations and modifications thereof (“**Lease Agreements**”). The Vendors have delivered to the Purchaser true, correct and complete copies of the Lease Agreements. All such Lease Agreements are valid and effective in accordance with their respective terms. There is not, under any Lease Agreements, any existing material default or event of default (or event which with notice or lapse of time, or both, would constitute a default of any material term of such Lease Agreements) of any of the Subject Corporations, or to the knowledge of the Vendors, any other party thereto. Except as set forth in Section 3.01(1)(k)(ii) of the Disclosure Letter, the execution and delivery of this Agreement by each of the Vendors does not, and the consummation of the transactions contemplated hereby will not, result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or materially impair the rights of any of the Subject Corporations or alter the rights or obligations of the sub-lessor, lessor or licensor under, or give to others any rights of termination, amendment, acceleration or cancellation of any Lease Agreements, or otherwise adversely affect the continued use and possession of the Leased Real Property for the conduct of business as presently conducted. The Subject Corporations currently occupy all of the Leased Real Property for the operation of their business. There are no other parties occupying, or with a right to occupy, the Leased Real Property. Each of the Subject Corporations has performed all of its obligations under any termination agreements pursuant to which it has terminated any leases, subleases, licenses or other occupancy agreements for real property that are no longer in effect and has no continuing liability with respect to such termination agreements. Any consent, authorization, and/or acknowledgment of the respective landlord to the transfer of the tenant thereunder as may be required by any lease in respect of the Leased Real Property has been validly and properly obtained.
- (iii) The Leased Real Property is in suitable operating condition and repair for the conduct of the business of each of the Subject Corporations, as applicable, as currently carried on at such Leased Real Property, and is free from structural, physical and mechanical defects, ordinary wear and tear excepted. To the knowledge of the Vendors, neither the operation of the business of each of the Subject Corporations on the Leased Real Property nor, such Leased Real Property, including the improvements thereon, violate, in any material respect, any applicable building code, zoning requirement or other Applicable Law relating to such property or operations thereon, and any such non violation is not dependent on so

called non-conforming use exceptions. Further, none of the Vendors has received any written notice of any breach of any Applicable Laws relating to the Leased Real Property or the requirements of all insurers of the Leased Real Property.

- (iv) None of the Subject Corporations is party to any agreement or subject to any claim that may require the payment of any real estate brokerage commissions, and no such commission is owed with respect to any of the Leased Real Property.
 - (v) None of the Subject Corporations has received written notice of any expropriation assessment or any capital charges or levies assessed or proposed to be assessed against any of its assets by a Governmental Authority or that any Governmental Authority intends to require any of the Subject Corporations to pay for any future roads, utilities or services relating to the Leased Real Property. The Leased Real Property is serviced by all private and public utility services that are necessary for the operations of any of the Subject Corporations on the Leased Real Property as currently conducted.
- (l) *Tangible Property.* The Subject Corporations are the owner, with good title to, or, in the case of leased assets, valid leasehold interests in, all the tangible assets shown or reflected on the Balance Sheet, except for assets disposed of in the Ordinary Course of Business since the Balance Sheet Date or acquired by any of the Subject Corporations since the Balance Sheet Date, free and clear of all Encumbrances other than (A) Permitted Encumbrances, and (B) those Encumbrances that do not materially and adversely interfere with the use made of such assets. None of the Subject Corporations owns or leases any asset that is located outside of the Province of Ontario.
- (m) *Condition and Sufficiency of Assets.*
- (i) All material machinery and equipment owned or used by any of the Subject Corporations have been properly maintained and are in good working order for the purposes of on-going operation, subject to ordinary wear and tear for machinery and equipment of comparable age. There is no Contract, or any right or privilege capable of becoming a Contract, for the purchase from any of the Subject Corporations of its business or any of its assets other than in the Ordinary Course of Business of such Subject Corporation.
 - (ii) The assets owned, leased or rented by any of the Subject Corporations constitute all of the assets used in connection with the business of such Subject Corporation, as applicable, and such assets constitute all of the assets necessary and material for such Subject Corporation, as applicable, to continue to conduct its business immediately following the Closing as it is being conducted as at the Closing.

(n) *Accounts Receivable.*

- (i) The Subject Corporations have delivered to the Purchaser an aging schedule with respect to the billed accounts receivable of each of the Subject Corporations as of the Balance Sheet Date indicating a range of days elapsed since invoice.
- (ii) All of the accounts receivable, whether billed or unbilled, of each of the Subject Corporations arose in the Ordinary Course of Business of each of the Subject Corporations, are carried at values determined in accordance with GAAP, to the knowledge of the Vendors are not subject to any valid set off or counterclaim, do not represent obligations for goods sold on consignment, on approval or on a sale or return basis or subject to any other repurchase or return arrangement. No person has any Encumbrance other than Permitted Encumbrances on any accounts receivable of any of the Subject Corporations and, to the knowledge of the Vendors, no written request or agreement for deduction or discount has been made with respect to any accounts receivable of any of the Subject Corporations.

(o) *Intellectual Property.*

- (i) All of the Owned Intellectual Property material to the business of each of the Subject Corporations as currently conducted is set out in Section 3.01(1)(o)(i) of the Disclosure Letter.
- (ii) None of the Subject Corporations has any Licensed Intellectual Property that is material to the business of any of the Subject Corporations as currently conducted.
- (iii) The Subject Corporations exclusively own, free and clear of all Encumbrances other than Permitted Encumbrances, all right, title and interest in and to, or have validly licensed (and are not in material breach of such licenses), and in respect of moral rights have obtained waivers of, all Intellectual Property that is material to the conduct of the business, as presently conducted (collectively, the “**Intellectual Property Rights**”).
- (iv) The Subject Corporations engage in commercially appropriate clearance practices for third party rights in accordance with prevailing industry standards in respect of all creative content and deliverables they produce for and on behalf of their customers in the carrying on of the business of the Subject Corporations (the “**Customer Deliverables**”).
- (v) All such Intellectual Property Rights that are owned by or licensed to the Subject Corporations are (i) sufficient, in all material respects, for conducting the business, as presently conducted, of such Subject Corporations; and (ii) to the knowledge of the Vendors, valid and enforceable. To the knowledge of the Vendors, the carrying on of the business of the Subject Corporations and the use by the Subject

Corporation of any of the Intellectual Property Rights, Customer Deliverables or Technology do not breach, violate, infringe or interfere with any rights of any other person. None of the Subject Corporations is a party to any Contract to pay any royalty, license or other fee with respect to the use, licensing or disposition of the Intellectual Property Rights or Customer Deliverables.

- (vi) All computer hardware and associated firmware and operating systems, Software, database engines and processed data, technology and communications infrastructure and other computer systems used in connection with the conduct of the business as presently conducted by the Subject Corporations (collectively, the “**Technology**”) are sufficient, in all material respects, for conducting the business as presently conducted by the Subject Corporations; and the Subject Corporations exclusively own or have validly licensed or leased (and are not in material breach of such licenses or leases) such Technology to provide them with the right to use same in the manner in which it is used or held for use in the conduct of the business of the Subject Corporations.
- (vii) All Technology (i) fully conforms in all material respects as to its functionality, performance and operation with all related documentation, specifications, representations, warranties and other descriptions thereof established by the Subject Corporations, and by their respective lessors or licensors, (ii) is operative in all material respects for its intended purposes free of material undocumented problems, defects, deficiencies, bugs, errors, viruses or other corrupting influences, and (iii) has been maintained by or on behalf of the Subject Corporations in compliance with all applicable Contracts relating thereto.
- (viii) No open source software code, routines, libraries or other like publicly licensed components have been incorporated, bundled, aggregated or otherwise combined with Software that constitutes Owned Intellectual Property. All Software that constitutes Owned Intellectual Property contains all information and materials necessary for the continued maintenance and development of same.
- (p) *Material Contracts.*
 - (i) Section 3.01(1)(p)(i) of the Disclosure Letter lists, in each subsection that corresponds to the subsection listed below in this Section, any Contract: (A) to which any of the Subject Corporations is a party, (B) by which any asset owned or used by any of the Subject Corporations is or may become bound, (C) under which any of the Subject Corporations has, or may become subject to, any obligation or liability, or (D) under which any of the Subject Corporations has or may acquire any right or interest (such Contracts being referred to herein as “**Material Contracts**”);

- (A) other than purchase orders or customer quotations entered into or made in the Ordinary Course of Business of the Subject Corporations for the provision of products and services, all Contracts involving aggregate consideration in excess of \$[**TEXT REDACTED: the omitted text sets out an amount**] and which, cannot be cancelled by such Subject Corporation without penalty or without more than 90 days' notice;
 - (B) all Contracts that require any of the Subject Corporations to purchase its total requirements of any product or service from a third party or that contain "take or pay" provisions;
 - (C) all Contracts that provide for the assumption or guarantee of any Liability of any third person;
 - (D) all Contracts that relate to the acquisition or disposition of any business, a material amount of shares or assets of any other person or any real property;
 - (E) all broker, distributor, dealer, manufacturer's representative, franchise, agency, sales promotion, market research, marketing consulting and advertising Contracts to which any of the Subject Corporations is a party or is bound;
 - (F) except for Contracts relating to trade receivables, all Contracts relating to Indebtedness of any of the Subject Corporations;
 - (G) all Contracts with any Governmental Authority to which any of the Subject Corporations is a party or is bound;
 - (H) all Contracts that limit or purport to limit the ability of any of the Subject Corporations to compete in any line of business or with any person or in any geographic area or during any period of time;
 - (I) any Contracts that provide for any joint venture, partnership or similar arrangement by any of the Subject Corporations; and
 - (J) all Contracts between any of the Subject Corporations on the one hand and any of the Vendors on the other hand other than such Contracts terminated at or prior to the Closing and under which such Subject Corporation has no surviving obligations or liabilities.
- (ii) The Subject Corporations have delivered to the Purchaser accurate and complete copies of all written Contracts identified in Section 3.01(1)(p)(i) of the Disclosure Letter, including all amendments thereto. Section 3.01(1)(p)(ii) of the Disclosure Letter provides an accurate description of the terms of each Contract that is not in written form. Each

Contract identified in Section 3.01(1)(p)(ii) of the Disclosure Letter is valid and in full force and effect and is enforceable by such Subject Corporation in accordance with its terms.

- (iii) Except set forth in Section 3.01(1)(p)(iii) of the Disclosure Letter:
 - (A) none of the Subject Corporations has violated or breached, or committed any default, in any material respect, under any Material Contract that continues to be outstanding, and, to the knowledge of each of the Vendors, no other person has violated or breached, or committed any default, in any material respect, under any Material Contract that continues to be outstanding;
 - (B) to the knowledge of the Vendors, no event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time) will, or would reasonably be expected to: (A) result in a material violation or breach by any of the Subject Corporations of any of the provisions of any Material Contract or (B) give any person the right to (x) declare a default and exercise any remedy under any Material Contract, (y) accelerate the maturity or performance of any Material Contract, or (z) cancel, terminate or modify in any material adverse respect any Material Contract;
 - (C) none of the Subject Corporations has received any written (or, to the knowledge of the Vendors, oral) notice or other communication regarding any actual or possible violation or breach of, or default under, any Material Contract; and
 - (D) none of the Subject Corporations has waived any of its material rights under any Material Contract.
- (iv) There is no renegotiation of, attempt to renegotiate, or outstanding rights to renegotiate not specifically provided for in, any Material Contract with any person, and no person has made a written demand for such renegotiation. To the knowledge of the Vendors, no person has threatened to terminate or refused to perform its obligations under any Material Contract (regardless of whether such person has the right to do so under such Material Contract).
- (q) *Employees and Consultants.*
 - (i) None of the Subject Corporations is a party to or bound by any Contract to pay any management or consulting fee except as disclosed in Section 3.01(1)(q)(i) of the Disclosure Letter or pursuant to a Contract with one or more of the Vendors or a Related Person of a Vendor that is terminated as at the Closing and in connection with which such Subject Corporation has no surviving Liabilities.

- (ii) None of the Subject Corporations has any employment contract with any person whomsoever and has not otherwise agreed to any change of control payment or contractual termination payment with any employee, except as disclosed in Section 3.01(1)(q)(ii) of the Disclosure Letter.
- (iii) Section 3.01(1)(q)(iii) of the Disclosure Letter sets out: the names of all employees of each of the Subject Corporations who will remain employees of such Subject Corporation as at the Closing; their position or title; their status (i.e., full time, part time, temporary, casual, seasonal, co-op student); their total annual remuneration, including a breakdown of (A) salary and (B) bonus or other incentive compensation, if any; other terms and conditions of their employment (other than Benefit Plans and Compensation Policies); whether the employee is a member of a collective bargaining union or agency and, if so, which such union; their age; their total length of employment, including any prior employment that would affect calculation of years of service for statutory entitlements, contractual entitlements (express or implied) benefit entitlement or pension entitlement; and whether any employees are on any approved or statutory leave of absence, and, if so, the reason for such absence and the expected date of return.
- (iv) Section 3.01(1)(q)(iv) of the Disclosure Letter sets out: the names of all consultants of each of the Subject Corporations; whether the consultant is providing services pursuant to a written consulting contract, and if so, the terms thereof; the date the consultant first commenced providing services to the Subject Corporations; the hourly fee of the consultant; and the total annual fees paid to the consultant for the preceding twelve (12) month period. The Vendors have delivered to the Purchaser, copies of all written consulting agreements to which each of the Subject Corporations is a party.
- (v) None of the Subject Corporations is bound by or a party to any collective bargaining agreement or any Contract of any sort with any trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent.
- (vi) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent:
 - (A) holds bargaining rights with respect to any employees of any of the Subject Corporations by way of certification, interim certification, voluntary recognition, designation or successor rights;
 - (B) has applied to be certified as the bargaining agent of any employees of any of the Subject Corporations; or

- (C) has applied to have any of the Subject Corporations declared a related employer or successor employer pursuant to applicable labour legislation.
- (vii) To the knowledge of the Vendors, there are no actual, threatened or pending organizing activities of any trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent or any actual, threatened or pending unfair labour practice complaints, strikes, work stoppages, picketing, lock-outs, hand-billings, boycotts, slowdowns, arbitrations, grievances, complaints, charges or similar labour related disputes or proceedings pertaining to any of the Subject Corporations, and there have not been any such activities or disputes or proceedings within the last three (3) years.
- (viii) All vacation pay and accrued but unpaid overtime pay for employees of each of the Subject Corporations is properly reflected and accrued in the books and accounts of such Subject Corporation.
- (ix) Except as set out in Section 3.01(1)(q)(ix) of the Disclosure Letter, since the Balance Sheet Date, there have been no changes in the terms and conditions of employment of any employees of any of the Subject Corporations, including their salaries, remuneration, benefits and any other payments to them, and there have been no changes in any remuneration payable or benefits provided to any officer, director, consultant, independent or dependent contractor or agent of any of the Subject Corporations, and none of the Subject Corporations has agreed or otherwise become committed to change any of the foregoing since that date.
- (x) Each of the Subject Corporations is employing all employees of such Subject Corporation in compliance with all applicable taxation, human rights, accessibility, privacy, labour and employment statutes, laws, rules, regulations, notices, and orders.
- (xi) Each of the Subject Corporations is in compliance, with all provisions of applicable health and safety laws and regulations made pursuant thereto and there are no outstanding Claims or charges thereunder or orders not being complied with.
- (xii) In the last three years, there have been no serious work related incidents, injuries or fatalities of any of the Subject Corporations' employees or occurring on any site for which any of the Subject Corporations has been prime contractor.
- (xiii) Each of the Subject Corporations is in compliance with applicable workers' compensation laws and regulations made pursuant thereto and there are no outstanding assessments, levies or penalties thereunder.

(r) *Benefit Plans.*

- (i) Section 3.01(1)(r)(i) of the Disclosure Letter contains a list of every benefit plan, program, agreement or arrangement (whether written or unwritten) maintained, contributed to, or provided by each of the Subject Corporations or any Affiliate thereof for the benefit of any of the employees, former employees or dependent or independent contractors of any of the Subject Corporations or their respective dependants or beneficiaries (the “**Benefit Plans**”) including all bonus, deferred compensation, incentive compensation, share purchase, share option, stock appreciation, phantom stock, savings, profit sharing, severance or termination pay, health or other medical, life, disability or other insurance (whether insured or self-insured), supplementary unemployment benefit, pension, retirement and supplementary retirement plans, programs, agreements and arrangements, except for any statutory plans to which any of the Subject Corporations is obliged to contribute or comply including the Canada/Québec Pension Plan, or plans administered pursuant to applicable federal or provincial health, worker’s compensation or employment insurance legislation.
- (ii) The Subject Corporations have delivered to the Purchaser accurate and complete copies of all compensation policies and practices of each of the Subject Corporations (“**Compensation Policies**”) applicable to employees and dependent and independent contractors of each of the Subject Corporations.
- (iii) The Subject Corporations have delivered to the Purchaser complete and accurate copies of all Benefit Plans and Compensation Policies and all amendments thereto or accurate summaries thereof together with summary descriptions of the Benefit Plans and Compensation Policies provided to past or present participants therein within the last three years, and, as may be applicable, the statement of investment policies for each plan, all funding agreements and service provider Contracts or other Contracts in respect of the Benefit Plan in respect of which any of the Subject Corporations may have liability (including insurance contracts, investment management agreements, subscription and participation agreements and record keeping agreements) and, if applicable, the most recent actuarial report, the financial statements and evidence of any registration in respect thereof.
- (iv) No promises or commitments have been made by any of the Subject Corporations to amend any Benefit Plan or Compensation Policy.
- (v) All of the Benefit Plans are duly registered where required by Applicable Law (including registration with the relevant Taxation Authorities where such registration is required to qualify for tax exemption or other

beneficial tax status) and have always been administered in material compliance with their terms and all Applicable Law.

- (vi) The execution, delivery or performance of this Agreement, nor the consummation of any of the other the transactions contemplated by this Agreement, will result in any bonus, golden parachute, severance or other payment or obligation to any current or former employee or director of any of the Subject Corporations (whether or not under any Benefit Plan), increase the benefits payable or provided under any Benefit Plan, result in any acceleration of the time of payment or vesting of any such benefit, or increase or accelerate employer contributions thereunder.
- (vii) All Contracts in respect of the Benefit Plans are valid and any of the Subject Corporations can enforce such Contracts or cause such Contracts to be enforced.
- (viii) All employer and employee obligations in respect of the Benefit Plans, including payments, contributions and premiums required under Applicable Law and their terms have been satisfied and there are no outstanding defaults or violations in respect thereof and, in particular:
 - (A) all employer and employee contribution holidays have been permitted by the terms of the Benefit Plans and have been in accordance with Applicable Law; and
 - (B) except as permitted by the Benefit Plans, their applicable funding agreements and Applicable Law, there has been no withdrawal of assets or any other amounts from any of the Benefit Plans other than proper payments of benefits to eligible beneficiaries, refunds of over-contributions to plan members and permitted payments of reasonable expenses incurred by or in respect of such Benefit Plans.
- (ix) There are no Claims in progress or, to the knowledge of the Vendors, pending or threatened with respect to the Benefit Plans against any of the Subject Corporations, the funding agent, the insurers or the fund of such Benefit Plans, other than Claims for benefits in the ordinary course.
- (x) No order has been made or notice given pursuant to any Applicable Law requiring (or proposing to require) any of the Subject Corporations to take (or refrain from taking) any action in respect of any Benefit Plan, and no event has occurred and no condition or circumstance exists that has resulted or would reasonably result in any Benefit Plan (i) being ordered or required to be terminated or wound-up in whole or in part, (ii) have its registration under any Applicable Law refused or revoked, (iii) being placed under the administration of any trustee or any regulatory authority

or (iv) being required to pay any material Taxes or penalties under any Applicable Law that would impact any of the Subject Corporations.

- (xi) Except as set out in Section 3.01(1)(r)(xi) of the Disclosure Letter and as expressly contemplated by Step 8 of the Vendor Reorganization (under the heading “Facts and Assumptions”), all of the Benefit Plans are fully funded in accordance with their terms and all Applicable Law and generally accepted actuarial principles and practices, as may be applicable.
 - (xii) None of the Benefit Plans require or permit a retroactive increase in premiums or payments, and the level of insurance reserves, if any, under any self-insured Benefit Plan is reasonable and sufficient to provide for all unreported Claims and incurred Losses.
 - (xiii) The obligations of each of the Subject Corporations to any of the Benefit Plans that are multi-employer plans are restricted to providing information and making contributions the terms of which are completely and accurately set out in Section 3.01(1)(r)(xiii) of the Disclosure Letter.
- (s) *Taxes.*
- (i) Each Vendor is not a non-resident of Canada for the purposes of the Tax Act.
 - (ii) Each of the Subject Corporations has prepared, and timely filed with each applicable Governmental Authority as required by Applicable Law, all Tax Returns and other documents required to be filed by them in respect of all Taxes, such returns and documents are complete and correct in all respects. Complete and correct copies of all such returns and other documents filed in respect of the three fiscal periods of each of the Subject Corporations ending prior to the date hereof have been provided to the Purchaser. Each of the Subject Corporations has withheld any Taxes that are required by Applicable Law to be withheld and has timely paid or remitted on a timely basis, the full amount of any Taxes that have been withheld, to the applicable Taxation Authority.
 - (iii) Each of the Subject Corporations has paid, collected and remitted, in full and when due, all Taxes and instalments on account of Taxes which were due and payable, collectible or remittable, as the case may be, by them on or before the Closing Date. Adequate provision has been made in the Balance Sheet for all Taxes for the periods ending on or before the Balance Sheet Date. No deficiency with respect to the payment of any Taxes or Tax instalments has been asserted in writing against any of the Subject Corporations by any Governmental Authority.
 - (iv) There are no actions, suits, proceedings, investigations, audits or Claims in progress or, to the knowledge of the Vendors, pending or threatened in writing, against any of the Subject Corporations in respect of Taxes and

there are no matters under discussion, dispute, audit or appeal with any Governmental Authority relating to Taxes.

- (v) There are no agreements, waivers or other arrangements providing for any extension of time with respect to (i) the filing of any Tax Return or other document by any of the Subject Corporations; (ii) the payment of any Taxes by any of the Subject Corporations; or (iii) the period for any assessment, reassessment or collection of Taxes of any of the Subject Corporations.
- (vi) Each of the Subject Corporations has deducted, withheld and collected from each amount paid or credited to any person the amount of Taxes required to be deducted, withheld and collected therefrom and have timely remitted such Taxes to the proper Governmental Authority required under applicable Laws.
- (vii) Where so required, each of the Subject Corporations are duly registered under subdivision (d) of Division V of Part IX of the Excise Tax Act (Canada) with respect to the goods and services tax and harmonized sales tax, and under applicable provincial legislation in respect of all provincial Taxes which they are or have been required to collect and remit.
- (viii) None of the Subject Corporations (i) is party to, bound by or obligated under; (ii) has made any undertaking regarding any Tax allocation, indemnity or sharing contract or arrangement; and (iii) are liable for the Taxes of any other person as a transferee or successor, by Contract or otherwise.
- (ix) No facts, circumstances or events exist or have existed that have resulted in or may result in the application of any of sections 79 to 80.04 of the Tax Act to any of the Subject Corporations.
- (x) The value of the consideration paid or received by any of the Subject Corporations for the acquisition, sale, transfer or provision of property (including intangibles) or the provision of services (including financial transactions) from or to any person with whom such corporation was not dealing at arm's length within the meaning of the Tax Act was equal to the estimated fair market value of such property acquired, provided or sold or services purchased or provided.
- (xi) No Claim has ever been made by a Governmental Authority in a jurisdiction where any of the Subject Corporations do not file Tax Returns that such corporation is or may be subject to the imposition of any Tax by that jurisdiction or may be required to file Tax Returns in such jurisdiction.

- (xii) None of the Subject Corporations has claimed any reserves or investment tax credits for purposes of the Tax Act (or analogous provincial or similar provisions) for the most recent tax year ending prior to the date hereof.
- (xiii) None of the Subject Corporations has made any payment, or is obligated to make any payment, or is a party to any agreement under which it could be obligated to make any payment, that may not be deductible by virtue of section 18 or 67 of the Tax Act or could result in income pursuant to section 78 of the Tax Act or any analogous provincial or similar provision.
- (xiv) Records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act have been made and obtained by each of the Subject Corporations with respect to all material transactions between such a corporation and any non-resident person with whom such corporation was not dealing at arm's length within the meaning of the Tax Act, during a taxation year commencing after 1998 and ending on or before the Closing Date.
- (xv) All eligible dividends, as that term is defined in subsection 89(1) of the Tax Act, have been properly paid by each of the Subject Corporations and it has no liability for Tax under subsection 185.1(1) of the Tax Act.
- (xvi) All capital dividends, as that term is defined in subsection 83(2) of the Tax Act, have been properly paid by each of the Subject Corporations and it has no liability for Tax under subsection 184(2) of the Tax Act.
- (t) *Litigation.* Except as disclosed in Section 3.01(1)(t), there are no Claims (whether or not purportedly on behalf of any of the Subject Corporations) in progress or, to the knowledge of the Vendors, pending or threatened against or materially adversely affecting, or which would reasonably be expected to materially adversely affect, any of the Subject Corporations or any of their respective assets or property if determined against such Subject Corporation, or before or by any Governmental Authority.
- (u) *Compliance with Applicable Laws.*
 - (i) None of the Subject Corporations is carrying on business in any jurisdiction other than the Province of Ontario. Each of the Subject Corporations is conducting its business in compliance in all material respects with all Applicable Laws of Canada, including CASL, and of the Province of Ontario and all municipalities thereof in which its business is carried on, is not in breach in any material respect of any such Applicable Laws and is duly licensed, registered or qualified in the Province of Ontario and all municipalities thereof in which each of the Subject Corporations carries on its business to enable it to be carried on as now conducted and its assets to be owned, leased and operated, and all such licences, registrations and qualifications are valid and subsisting and in

good standing and none of the same contains any material term, provision, condition or limitation which may be adversely affected by the completion of the transactions contemplated hereby.

- (ii) None of the Subject Corporations and none of the Vendors or the respective directors, officers, employees, agents or representatives of any of the Subject Corporations have (i) offered, promised, made or authorized, or agreed to offer, promise, make or authorize, any contribution, expense, payment or gift of funds, property or anything of value to or for the use or benefit of any Government Official for the purpose of securing action or inaction or a decision of a Governmental Authority or a Government Official, influence over such action, inaction or decision, or any improper advantage; or (ii) taken any action prohibited by the *Corruption of Foreign Public Officials Act* (Canada), the *Criminal Code* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Foreign Corrupt Practices Act of 1977*, as amended (United States) or the *Bribery Act 2010* (United Kingdom) or the rules and regulations issued under the foregoing or under similar applicable legislation of other jurisdictions. The Subject Corporations are and have been in compliance with economic sanctions, anti-terrorism, customs and import, export and technology transfer control laws, including those contained in the *Special Economic Measures Act* (Canada), the *United Nations Act* (Canada), the *Freezing Assets of Corrupt Foreign Officials Act*, the *Criminal Code* (Canada), the *Export and Import Permits Act* (Canada), the *Defence Production Act* (Canada), the *Nuclear Safety and Control Act*, and the *Customs Act* (Canada), including any regulations or orders issued under the foregoing, and similar applicable economic sanctions, anti-terrorism, customs and export and technology transfer control laws of other jurisdictions.
- (iii) To the knowledge of the Vendors, there are no outstanding orders, notices or similar requirements relating to any of the Subject Corporations issued by any Governmental Authority and there are no matters under discussion with any Government Authority by any of the Subject Corporations relating to any such order, notice or similar requirement.
- (iv) The collection, use and retention of the Personal Information by each of the Subject Corporations, the disclosure or transfer of the Personal Information by such Subject Corporation to any third parties and transfer of the Personal Information by such Subject Corporation to the Purchaser as part of the Purchaser's due diligence and as contemplated by this Agreement or any Related Agreement complies with all applicable Privacy Laws.
- (v) None of the Subject Corporations has any formal privacy policy governing its collection, use and disclosure of Personal Information as none of the Subject Corporations directly collect, use or disclose Personal Information

for its own purposes in the Ordinary Course of Business of such Subject Corporations and only processes and accesses Personal Information as a service provider to, and in accordance with its agreements with, its customers, as may be applicable to specific Contracts.

- (vi) The aggregate value of all assets in Canada of the Subject Corporations or the annual gross revenues from sales in and from Canada generated from all such assets do not exceed, in either case, \$92 million as determined pursuant to subsection 110(3) of the Competition Act.
- (v) *Environmental*
 - (i) The business of each of the Subject Corporations, as carried on by such Subject Corporation and, to the knowledge of the Vendors, their respective predecessors in title, and their respective assets are in compliance in all material respects with all Environmental Laws and, to the knowledge of the Vendors, there are no facts that could give rise to a notice of non-compliance with any Environmental Law.
 - (ii) Section 3.01(1)(v)(ii) of the Disclosure Letter contains a complete list of all environmental Permits used in or required to carry on the business of each of the Subject Corporations in the Ordinary Course of Business of each of the Subject Corporations and such Permits are in full force and effect.
 - (iii) None of the Subject Corporations nor, to the knowledge of the Vendors, have any of their respective predecessors in title used any of the facilities or Leased Real Property, or permitted them to be used, to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances except in compliance in all material respects with all Environmental Laws. None of the Leased Real Property has been used for or been designated as a waste disposal site.
 - (iv) To the knowledge of the Vendors, there are no pending changes to Environmental Laws that would render illegal, or materially restrict, the operation of the business of the Subject Corporations in the Ordinary Course of Business of each of the Subject Corporations.
 - (v) None of the Subject Corporations has been convicted of an offence or been subjected to any judgment, injunction or other proceeding or been fined or otherwise sentenced for non-compliance with any Environmental Laws, and have not settled any prosecution or other proceeding short of conviction in connection therewith.
 - (vi) To the knowledge of the Vendors, there are no pending or threatened investigations of the business of any of the Subject Corporations, the Leased Real Property or any currently or previously owned, leased or

operated real property of the Subject Corporations or any subsidiaries under Environmental Law.

- (vii) None the Subject Corporations nor, to the knowledge of the Vendors, any of their respective predecessors in title has caused or permitted the Release of any Hazardous Substance at, on or under the Leased Real Property, or the Release of any Hazardous Substance off-site of the Leased Real Property, except in compliance in all material respects with Environmental Laws.
- (viii) There are no Hazardous Substances present in, on or under the Leased Real Property or migrating to or from the Leased Real Property.
- (ix) To the knowledge of the Vendors, there are no conditions that directly or indirectly relate to environmental matters or to the condition of the soil or the groundwater that would be determined adversely to any of the Subject Corporations (whether at, on or below the Leased Real Property or any adjoining properties).
- (x) None of the Subject Corporations or any of their respective predecessors in title received written notice, that any of the Subject Corporations or any of their respective predecessors in title are potentially responsible for any remedial action under any Environmental Law.
- (xi) The Subject Corporations have delivered to the Purchaser complete and accurate copies of all analyses and monitoring data for soil, groundwater and surface water and all reports pertaining to any environmental assessments or audits relating to each of the Subject Corporations that were obtained by, or are in the possession or control of, such Subject Corporation or any of the Vendors and they are disclosed in Section 3.01(1)(v)(xi) of the Disclosure Letter.
- (xii) (A) each of the Subject Corporations and, to the knowledge of the Vendors, their respective predecessors in title have maintained in all material respects all environmental and operating documents and records in the manner and for the time periods required by Environmental Laws, and (B), except as disclosed in Section 3.01(1)(v)(xii) of the Disclosure Letter, have never conducted an environmental audit of the Leased Real Property. For the purposes of this Section, an environmental audit includes any evaluation, assessment or study performed at the request of or on behalf of a Governmental Authority.
- (xiii) None of the Subject Corporations nor, to the knowledge of the Vendors, any of their respective predecessors in title has breached, in any material respect, any obligation to report to any person imposed by any Environmental Law.

- (xiv) Except as disclosed in Section 3.01(1)(v)(xiv) of the Disclosure Letter, to the knowledge of the Vendors, there are no underground or above-ground storage tanks or associated piping or appurtenances (active or abandoned), or urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls or radioactive substances located on or in or under the surface of any Leased Real Property or other assets used thereon.

- (w) *Permits.*
 - (i) Section 3.01(1)(w) of the Disclosure Letter set out a complete and accurate list of all material Permits necessary or required to enable the respective businesses of the Subject Corporations to be carried on as now conducted and its assets to be owned, leased and operated. Each such Permit is valid and is in full force and effect.

 - (ii) Except as set forth in Section 3.01(1)(w) of the Disclosure Letter, none of the Subject Corporations nor, to the knowledge of the Vendors, have received (i) a written notice from any Governmental Authority revoking any Permit or (ii) a written notice from any Governmental Authority materially modifying the requirements pertaining to any Permit.

- (x) *Relationships With Related Persons.* Except as disclosed in Section 3.01(1)(x) of the Disclosure Letter and except as expressly contemplated by the Vendor Reorganization, none of the Vendors nor any Related Person of any of the Vendors or of any of the Subject Corporations has, or has had, any interest in any asset owned or used by any of the Subject Corporations except for assets of each of the Vendors or a Related Person of the Vendors made available to any of the Subject Corporations pursuant to a management or services Contract that will be terminated at or prior to the Closing. None of the Vendors nor any Related Person of any of the Vendors or of any of the Subject Corporations is, or has (i) had business dealings or a material financial interest in any transaction with any of the Subject Corporations other than (A) shareholder loans made from time to time by any of the Vendors to any of the Subject Corporations, which, as of the Closing, are as reflected on the Pre-Closing Statement, (B) arrangements for the provision of management and support services and physical premises and use of offices, in each case, which will have been terminated at or prior to the Closing, or (C) employment or consulting Contracts, all of which will have been terminated at or prior to the Closing; or (ii) engaged in competition with any of the Subject Corporations, other than ownership of less than one percent of the outstanding voting securities of a person that is listed on any securities exchange. Except for employment or consulting contracts, director and officer indemnity agreements, copies of which have been provided to the Purchaser, none of the Vendors nor any Related Person of any of the Vendors or of any of the Subject Corporations is, as at the Closing, a party to any Contract with, or has any claim or right against, such Subject Corporation.

- (y) *Customers and Suppliers.* Section 3.01(1)(y) of the Disclosure Letter lists (i) for the twelve months ending December 31, 2017 the names of the respective customers of each of the Subject Corporations that were, in the aggregate, the 20 largest customers in terms of dollar value of products or services, or both, sold by each of the Subject Corporations (“**Major Customers**”); and (ii) for such twelve month period, the names of the respective suppliers of each of the Subject Corporations that were, in the aggregate, the 20 largest suppliers in terms of dollar value of products or services, or both, to each of the Subject Corporations (“**Major Suppliers**”). Except as set forth in Section 3.01(1)(y) of the Disclosure Letter, no Major Customer or Major Supplier has given any of the Subject Corporations notice (written or, to the knowledge of the Vendors, oral) terminating, cancelling, reducing the volume under, or renegotiating the pricing terms or any other material terms of any Contract or relationship with such Subject Corporation or threatening to take any of such actions, and, to the knowledge of the Vendors, no Major Customer or Major Supplier intends to do so.

- (z) *Product Liabilities and Warranties.*
 - (i) To the knowledge of the Vendors, none of the Subject Corporations has given to any person any product or service guaranty or warranty, right of return, or other indemnity relating to the products manufactured, sold, leased, licensed, or delivered, or services performed, by such Subject Corporation.

- (aa) *Insurance.*
 - (i) The Subject Corporations have delivered to the Purchaser:
 - (A) complete and accurate copies of all policies of insurance maintained by any of the Subject Corporations (and such policies are listed in Section 3.01(1)(aa)(i)(A) of the Disclosure Letter). Each such insurance policy is valid and subsisting and in good standing, there is no default thereunder including payment of any premium, none of the Subject Corporations has received notice of cancellation or non-renewal of any such policy, and the applicable Subject Corporation is entitled to all rights and benefits under such policies maintained by or for it;
 - (B) complete and accurate copies of all pending applications for policies of insurance; and
 - (C) complete and accurate copies of any written statement by the auditor of the Subject Corporations or any consultant or risk management advisor provided to or in the possession of any of the Subject Corporations with regard to the adequacy of its coverage or its reserves for actual or potential claims.

- (ii) Section 3.01(1)(aa)(ii) of the Disclosure Letter sets forth:
 - (A) any self-insurance or retention arrangement by or affecting any of the Subject Corporations, including any reserves established thereunder; and
 - (B) any Contract, other than a policy of insurance, for the transfer or sharing of any risk by any of the Subject Corporations.
- (iii) Section 3.01(1)(bb)(iii) of the Disclosure Letter sets forth a list of all Claims made under each policy of insurance listed in Section 3.01(1)(bb)(i)(A) of the Disclosure Letter in connection with any of the Subject Corporations during the three years preceding the date of this Agreement, and no insurer has, in a written notice, questioned, denied or disputed or otherwise reserved its rights with respect to coverage as it relates to any such claim.
- (bb) *Brokers.* No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of any of the Vendors.

3.02 **Purchaser's Representations and Warranties**

The Purchaser represents and warrants to the Vendors that:

- (a) *Organization and Authority of the Purchaser.* The Purchaser is a corporation duly incorporated and organized and validly subsisting under the laws of the Province of Ontario with the corporate power to own its assets and to carry on its business. The Purchaser has the requisite power, authority and right to enter into and deliver this Agreement and the Related Agreements to which it is a party perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and any Related Agreements to which the Purchaser is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (b) *Enforceability.* This Agreement and each Related Agreement to which the Purchaser is a party has been duly executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery of this Agreement and the Related Agreements by the other parties thereto, constitutes a valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its respective terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that (i) specific performance is an equitable remedy available only in the discretion of the court

and (ii) the indemnity provisions of this Agreement may be limited by Applicable Law.

- (c) *No Conflicts, Consents.* The execution, delivery and performance by the Purchaser of this Agreement and any Related Agreement to which the Purchaser is a party and the consummation of the transactions contemplated hereby and thereby, do not and will not, directly or indirectly: (A) result in a violation of any provision of the Organizational Documents of the Purchaser or any resolution adopted by the board of directors or shareholders of the Purchaser; (B) result in a violation of any provision of any Applicable Law in respect of which the Purchaser must comply; or (C) except for the Exchange Approval or as required in connection with the Purchaser's credit facilities, require the consent, waiver or approval of, notice to or other action by any person under any Contract to which the Purchaser is a party or by which it is bound. Except for the Exchange Approval or in connection therewith or in connection with the Purchaser's credit facilities, no consent, approval, order, judgement, Permit, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Purchaser in connection with the execution and delivery of this Agreement or any Related Agreement to which the Purchaser is a party and the consummation of the transactions contemplated hereby and thereby.
- (d) *Accredited Investor.* The Purchaser is an "accredited investor" for purposes of National Instrument 45-106 – *Prospectus Exemptions* and is acquiring the Shares as principal.
- (e) *Brokers.* No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Purchaser.
- (f) *Sufficiency of Funds.* The Purchaser has, and at the Closing will have, sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the cash portion of the Purchase Price and consummate the transactions contemplated by this Agreement.
- (g) *Legal Proceedings.* There are no Claims pending, or to the Purchaser's knowledge, threatened against or by the Purchaser or any of its Subsidiaries or the Purchaser that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement.
- (h) *Investment Canada Act.* The Purchaser is a Canadian within the meaning of the Investment Canada Act.
- (i) *Consideration Shares.* All necessary corporate action has been taken or will be taken prior to the Closing by the Purchaser so as to validly create, authorize and issue the Consideration Shares as fully paid and non-assessable securities in the

capital of the Purchaser. The Consideration Shares issuable pursuant to the terms of this Agreement will, when issued to the applicable Vendors in accordance with the terms of this Agreement, be validly issued and outstanding as fully paid and non-assessable common shares of the Purchaser. Subject only to the Lockup Agreement, resale restrictions under National Instrument 45-102, and any other restrictions that are specific to a Vendor, at the Closing the Consideration Shares will be freely tradeable without restriction under applicable Canadian securities laws in the Province of Ontario and listed for trading on the Exchange.

- (j) *Listing of Consideration Shares.* The common shares in the capital of the Purchaser are listed and posted for trading on the Exchange and no order ceasing or suspending trading in any securities of the Purchaser or listing of its common shares on the Exchange is currently outstanding and no proceedings for such purpose is in process or, to the knowledge of the Purchaser, is pending or threatened.
- (k) *Reporting Issuer.* The Purchaser is a “reporting issuer” (as defined under Canadian securities law) in each of the provinces and territories of Canada, is not included in the list of defaulting reporting issuers maintained by securities regulatory authorities in any such jurisdiction, and is not in material default of any of the requirements of the Applicable Laws relating to securities. The Purchaser is in material compliance with its continuous disclosure requirements under Applicable Laws relating to securities and all information publicly filed by the Purchaser on SEDAR since December 31, 2015 in accordance with Applicable Laws relating to securities is true and correct in all material respects, and no facts have been omitted therefrom that would make such information misleading in light of the circumstances in which it was made.
- (l) *Compliance with Applicable Laws.* The Purchaser and each of its Subsidiaries is conducting its business in compliance in all material respects with all Applicable Laws, of each jurisdiction in which it carries on business is not in breach in any material respect of any such Applicable Laws and is duly licensed, registered or qualified in each such jurisdiction in which it carries on its business to enable it to be carried on as now conducted and its assets to be owned, leased and operated, and all such licences, registrations and qualifications are valid and subsisting and in good standing and none of the same contains any material term, provision, condition or limitation which may be adversely affected by the completion of the transactions contemplated hereby.
- (m) *No Material Adverse Effect.* Except as set forth in a document filed by the Purchaser on SEDAR, since the date of the Purchaser’s most recent annual financial statements there has not occurred any Material Adverse Effect with respect to the Purchaser.

- (n) *Tax Status.* The Purchaser is a “taxable Canadian corporation” for the purposes of the Tax Act.

ARTICLE 4 - COVENANTS

4.01 **Taxes**

The Purchaser does not assume and will not be liable for any Taxes which may be or become payable by any of the Vendors, including any Taxes resulting from or arising as a consequence of the sale by each of the Vendors to the Purchaser of the Shares herein contemplated.

4.02 **Covenants of the Vendors**

(1) Except as consented to in writing by the Purchaser or as expressly contemplated by the Vendor Reorganization, from the date of this Agreement until the Closing, any of the Vendors will cause each of the Subject Corporations to:

- (a) carry on its business in the Ordinary Course of Business of each of the Subject Corporations, provided all acts and proceedings taken by such Subject Corporation in the management and operation of its business involving a commitment in excess of \$[**TEXT REDACTED: the omitted text sets out an amount**] and/or any payment in excess of \$[**TEXT REDACTED: the omitted text sets out an amount**] made by such Subject Corporation will be subject to the prior approval of the Purchaser;
- (b) not engage or enter into any transactions with any shareholder or Related Person of any Vendor or of any Subject Corporation or any other person not dealing at arm’s length with any of the Subject Corporations;
- (c) use all commercially reasonable efforts to preserve intact its business, organization and goodwill, to keep available the employees of its business as a group and to maintain satisfactory relationships with suppliers, distributors, customers and others with whom any of the Subject Corporations has business relationships;
- (d) use all commercially reasonable efforts to cause the current insurance policies of each of the Subject Corporations not to be cancelled or terminated or any other coverage thereunder to lapse, unless simultaneously with such terminations, cancellation or lapse, replacement policies underwritten by insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies, and where possible, for substantially similar premiums, are in full force and effect;
- (e) use all commercially reasonable efforts to preserve and maintain all of the Permits of each of the Subject Corporations;

- (f) pay the debts, Taxes and other obligations of each of the Subject Corporations when due;
- (g) use all commercially reasonable efforts to perform all of its obligations under all Material Contracts to which it is a party or is bound;
- (h) comply in all material respects with all Applicable Laws;
- (i) maintain the Books and Records in the Ordinary Course of Business of each of the Subject Corporations and record all transactions on a basis consistent with that practice; and
- (j) not take or permit any action that would cause any of the changes, events or conditions described in Section 3.01(1)(j) to occur.

(2) Each of the Vendors will use all commercially reasonable efforts to obtain the Required Third Party Consents, and any other third party consents required in connection with the execution, delivery or performance of this Agreement, on or prior to the Closing Date, on terms acceptable to the Purchaser acting reasonably. The Purchaser will use all commercially reasonable efforts to cooperate with the Vendors in attempting to obtain the Required Third Party Consents; provided that the Purchaser will not be obligated to pay money to any person or undertake any obligation in order to obtain any Required Third Party Consent.

(3) The Purchaser will use all commercially reasonable efforts to obtain all third party consents, authorizations and approvals required in connection with the execution, delivery or performance of this Agreement by the Purchaser, on or prior to the Closing Date, on terms acceptable to the Vendors Representative acting reasonably. Each of the Vendors will use commercially reasonable efforts to cooperate with the Purchaser in attempting to obtain any such consent, authorization or approval, provided that the Vendors will not be obligated to pay money to any person or undertake any obligation in order to obtain any such consent, authorization or approval.

4.03 **Examination of Records and Assets**

Each of the Vendors will forthwith cause each of the Subject Corporations to make available to the Purchaser and its authorized representatives all data bases recorded or stored by means of any device, including in electronic form, title documents, abstracts of title, deeds, surveys, leases, certificates of trademarks and copyrights, contracts and commitments in its possession or under its control relating to each of the Subject Corporations, its assets or business. Each of the Vendors will cause each of the Subject Corporations to forthwith make available to the Purchaser and its authorized representatives for examination all Books and Records. Each of the Vendors will cause each of the Subject Corporations to give the Purchaser and its authorized representatives every reasonable opportunity to have access to and to inspect the assets of each of the Subject Corporations. The exercise of any rights of access or inspection by or on behalf of the Purchaser under this Section 4.03 will not affect or mitigate the covenants, representations and warranties of each of the Vendors in this Agreement, which will continue in full force and effect.

4.04 **Communication from Governmental Authority**

Each of the parties shall promptly inform the other of any communication from or with any Governmental Authority regarding any of the transactions contemplated by this Agreement. If any party thereof receives a request for additional information or documentary material from any such Governmental Authority with respect to the transactions contemplated by this Agreement, then such party will endeavour in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request.

4.05 **Section 85 Rollover**

At the request of the Vendors Representative, the Purchaser and each applicable Vendor will execute a joint election in the prescribed form under provisions of Section 85 of the Tax Act and the corresponding provisions of any other applicable provincial statute in respect of the sale and transfer of Shares to the Purchaser (the “**Rollover Forms**”). The “elected amount” for the Rollover Forms will be the amount determined by the Vendors in compliance with the limits set out in Section 85 of the Tax Act or the provisions of any other applicable statute. Within one hundred and fifty (150) days of the Closing Date, the Vendors will provide signed copies of the Rollover Forms to the Purchaser. Provided that any such Rollover Form is in a form and content satisfactory to the Purchaser, acting reasonably, Purchaser will timely execute and return forthwith to each applicable Vendor such Rollover Form; provided that the Purchaser will not be responsible for reviewing or otherwise ensuring the proper completion of such Rollover Form (other than the accuracy of particular information in respect of the Purchaser). The Vendors will be responsible for filing the Rollover Forms in a timely manner with the appropriate Governmental Authority. The parties agree to make corresponding elections pursuant to any relevant provisional taxation legislation. The applicable Vendor will be responsible for any late-filing fees or penalties in respect of any Rollover Form. The Consideration Shares shall be allocated among the Purchased Shares so as to ensure that the consideration received by each Vendor that is receiving Consideration Shares for each of such Vendor’s Purchased Shares includes at least one of the Consideration Shares or a fraction thereof for the purposes of subsection 85(1) of the Tax Act.

ARTICLE 5 - CONDITIONS AND TERMINATION

5.01 **Conditions for the Benefit of the Purchaser**

The sale by the Vendors and the purchase by the Purchaser of the Shares is subject to the following conditions, which are for the exclusive benefit of the Purchaser and which are to be performed or complied with at or prior to the Closing:

- (a) (i) the representations and warranties of each of the Vendors set forth in Section 3.01 (other than the Fundamental Representations of the Vendors) when read without any exception or qualification for materiality or Material Adverse Effect, will be true and correct at the Closing with the same force and effect as if made at and as of such time (except for representations and warranties that speak of a specific date or time, in which case such representations and

warranties will be true and correct as of such date or time), except for (A) changes therein specifically permitted by this Agreement or resulting from any transaction expressly consented to in writing by the Purchaser or any transaction expressly contemplated and permitted by this Agreement, and (B) failures of the representations and warranties contained in Section 3.01 to be true and correct which would not, individually or in the aggregate, have a Material Adverse Effect in respect of any of the Subject Corporations, and (ii) the Fundamental Representations of the Vendors will be true and correct at the Closing with the same force and effect as if made at and as of such time;

- (b) each of the Vendors will have performed or complied with all of the obligations and covenants and conditions of this Agreement to be performed or complied with in all material respects by the Vendors at or prior to the Closing;
- (c) the Purchaser will have received one or more certificates signed by each of the Vendors, dated the Closing Date, to the effect that the conditions set forth in Section 5.01(a) and Section 5.01(b), respectively, have been satisfied;
- (d) there will have been obtained from all appropriate Governmental Authorities such other approvals or consents as are required to permit the change of ownership of the Shares contemplated hereby and to permit the business of each of the Subject Corporations to be carried on as now conducted;
- (e) the Exchange Approval will have been obtained;
- (f) no action or proceeding in Canada will be pending or threatened by any person to enjoin, restrict or prohibit:
 - (i) the sale and purchase of the Shares contemplated hereby; or
 - (ii) the right of any of the Subject Corporations to conduct its business;
- (g) no Material Adverse Effect in respect of any of the Subject Corporations will have occurred from the date hereof to the Closing;
- (h) no Major Customer will have given any of the Subject Corporations notice (written or oral) terminating, cancelling, reducing the volume under or renegotiating the pricing terms or any other material terms of any Contract or relationship with such Subject Corporation or threatening to take any of such actions;
- (i) none of Christopher Gerald Lund, Kevin Lund or George Athanasiou (A) will have ceased to be an employee of any of the Subject Corporations; or (B) will have died or become incapacitated;
- (j) all directors and officers of each of the Subject Corporations specified by the Purchaser will resign effective at the Closing;

- (k) each of the Vendors and all directors and officers of each of the Subject Corporations will have released each Subject Corporation, as applicable, from any and all possible Claims against such Subject Corporation arising from any act, matter or thing arising at or prior to the Closing, such release to be substantially in the form attached as Schedule 5.01(k);
- (l) all necessary steps and proceedings will have been taken to permit the Shares to be duly and regularly transferred to and registered in the name of the Purchaser;
- (m) the Required Third Party Consents will have been obtained, all in form and content acceptable to the Purchaser;
- (n) the Lockup Agreement and Non-Competition/Non-Solicitation Agreements will have been duly executed by the Vendors and delivered to the Purchaser;
- (o) the agreements, certificates and other documents set forth in Section 2.06(a) will have been duly executed by each of the Vendors and delivered to the Vendors;
- (p) TD will have released each of the Subject Corporations from all indebtedness and obligations owing to it and undertaken to release and discharge all security interests and collateral and TD Security held by it securing all such debt and obligations of each of the Subject Corporations, all in form and content acceptable to the Purchaser;
- (q) the Vendor Reorganization will have been completed in accordance with Schedule 1.01(E) in a manner satisfactory to the Purchaser;
- (r) all conditions of the consent granted by any of the Senior Lenders will have been satisfied;
- (s) each of the Contracts contemplated by Section 3.01(1)(x) will have been terminated on terms satisfactory to the Purchaser;
- (t) the Volkswagen Lease will have been assigned to Christopher Gerald Lund and the Volkswagen Security will have been discharged;
- (u) the payment of principal, interest and any other amount on any Permitted Debt will be subordinated in right of payment to the prior payment of any senior indebtedness of the Purchaser; and
- (v) the form and legality of all matters incidental to the sale by the Vendors and the purchase by the Purchaser of the Shares will be subject to the approval of the Purchaser's counsel, acting reasonably.

5.02 **Conditions for the Benefit of the Vendors**

The sale by the Vendors and the purchase by the Purchaser of the Shares is subject to the following conditions, which are for the exclusive benefit of the Vendors and which are to be performed or complied with at or prior to the Closing:

- (a) (i) the representations and warranties of the Purchaser set forth in Section 3.02 (other than the Fundamental Representations of the Purchaser), when read without any exception or qualification for materiality or Material Adverse Effect, will be true and correct at the Closing with the same force and effect as if made at and as of such time (except for representations and warranties that speak of a specific date or time, in which case such representations and warranties will be true and correct as of such date or time), except for (A) changes therein specifically permitted by this Agreement or resulting from any transaction expressly consented to in writing by the Vendors Representative or any transaction expressly contemplated and permitted by this Agreement, and (B) failures of the representations and warranties contained in Section 3.02 to be true and correct which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect in respect of the Purchaser, and (ii) the Fundamental Representations of the Purchaser will be true and correct at the Closing with the same force and effect as if made at and as of such time;
- (b) the Purchaser will have performed or complied with all of the obligations and covenants and conditions of this Agreement to be performed or complied with by the Purchaser in all material respects at or prior to the Closing;
- (c) the Vendors will have received a certificate signed on behalf of the Purchaser by an officer of the Purchaser, dated the Closing Date, to the effect that the conditions set forth in Section 5.02(a) and 5.02(b), respectively, have been satisfied;
- (d) no action or proceeding in Canada will be pending or threatened by any person (other than a Vendor or a Related Person of a Vendor) to enjoin, restrict or prohibit:
 - (i) the sale and purchase of the Shares contemplated hereby; or
 - (ii) the right of any of the Subject Corporations to conduct its business;
- (e) there will have been obtained from all appropriate Governmental Authorities and other persons all such other approvals or consents as are required to be obtained by the Purchaser in connection with the completion of the transactions contemplated by this Agreement;
- (f) all necessary steps and proceedings will have been taken to permit the Consideration Shares to be duly and regularly issued to and registered in the name of the applicable Vendors as fully paid and non-assessable shares;

- (g) no Material Adverse Effect in respect of the Purchaser will have occurred from the date hereof to the Closing;
- (h) the Purchaser will have delivered to the Vendors Representative a copy of the Exchange Approval and evidence of the satisfaction of all conditions set out therein, to the extent such conditions can be satisfied prior to the Closing and where such conditions cannot be satisfied prior to the Closing, an undertaking to satisfy such conditions as soon as reasonably practicable following the Closing.
- (i) the payments, agreements, certificates and other documents set forth in Section 2.06(b) will have been delivered by the Purchaser;
- (j) the Required Third Party Consents will have been obtained;
- (k) the Lockup Agreement and Non-Competition/Non-Solicitation Agreement will have been duly executed by the Purchaser and delivered to the Vendors;
- (l) TD will have released each of the Subject Corporations from all indebtedness and obligations owing to it and undertaken to release and discharge all security interests and collateral and TD Security held by it securing all such debt and obligations of each of the Subject Corporations;
- (m) there will have been obtained from all appropriate Governmental Authorities such other approvals or consents as are required to permit the change of ownership of the Shares contemplated hereby and to permit the business of each of the Subject Corporations to be carried on as now conducted;
- (n) The Subject Corporations will have executed and delivered releases, each in substantially the form set out in Schedule 5.02(n), in favour of each of the Vendors and the directors of the Subject Corporations;
- (o) the form and legality of all matters incidental to the sale by the Vendors and the purchaser by the Purchaser of the Shares will be subject to the approval of the Vendors' counsel acting reasonably.

5.03 **Waiver of Condition**

The Purchaser, in the case of a condition set out in Section 5.01, and the Vendors Representative, in the case of a condition set out in Section 5.02, will have the exclusive right to waive the performance or compliance of such condition in whole or in part and on such terms as may be agreed upon without prejudice to any of its rights in the event of non-performance or non-compliance with any other condition in whole or in part. Any such waiver will not constitute a waiver of any other conditions in favour of the waiving party.

5.04 **Termination**

This Agreement may be terminated, by notice given prior to or at the completion of the sale and purchase of the Shares herein contemplated:

- (a) by the Vendors or the Purchaser if a material breach of any representation, warranty, covenant, obligation or other provision of this Agreement has been committed by the other party or parties, as applicable, and such breach has not been waived or cured within 30 days following the date on which the non-breaching party notifies the other party of such breach;
- (b) by the Purchaser if any of the conditions in Section 5.01 has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of the Purchaser to comply with its obligations under this Agreement) and the Purchaser has not waived such condition on or before the Closing Date;
- (c) by the Vendors if any of the conditions in Section 5.02 has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of the any of the Vendors to comply with his, her or its obligations under this Agreement) and the Vendors have not waived such condition on or before the Closing Date;
- (d) by written agreement of the Purchaser and the Vendors Representative; or
- (e) by the Vendors or the Purchaser if the completion of the sale and purchase of the Shares herein contemplated has not occurred (other than through the failure of the party or parties, as applicable, seeking to terminate this Agreement to comply fully with its or their obligations under this Agreement) on or before June 30, 2018 or such later date as the parties may agree upon.

5.05 **Effect of Termination**

Each party's right of termination under Section 5.04 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 5.04, all further obligations of the parties under this Agreement will terminate, except that the obligations in Sections 6.01(2) and 8.04 will survive; provided, however, that if this Agreement is terminated by a party because of a material breach of a representation or warranty, covenant, obligation or other provision of this Agreement by the other party or parties, as applicable, or because one or more of the conditions to the obligations of the terminating party or parties, as applicable, under this Agreement is not satisfied as a result of the other party's or parties', as applicable, failure to comply with its or their obligations under this Agreement, the terminating party's or parties', as applicable, right to pursue all legal remedies with respect to such breach will survive such termination unimpaired.

5.06 **Non-Compete**

The parties hereto hereby acknowledge and agree that (i) no portion of the Purchase Price will be received or receivable by the any of the Vendors for granting any of the restrictive covenants set forth in a Non-Competition/Non-Solicitation Agreement; (ii) such restrictive covenants are granted to maintain or preserve the fair market value of the Shares, and (iii) it is intended that subsections 56.4(5) and (7) of the Tax Act, and other similar provisions

under Applicable Law, apply with respect to such restrictive covenants and the parties will undertake any necessary or desirable steps (including the filing of any required elections) consistent with the foregoing as may be reasonably communicated by the Vendors to the Purchaser.

ARTICLE 6 - CLOSING ARRANGEMENTS

6.01 Deliveries and Confidentiality

(1) At the Closing, the Vendors will deliver to the Purchaser all of the documents referred to in Section 4.03 to the extent they are not under the possession or control of each of the Subject Corporations. The Purchaser will ensure that each of the Subject Corporations preserves the documents so delivered for the longer of (a) a period of six years from the Closing Date, (b) for such other period as is required by any Applicable Law, and (c) until the expiration of any applicable limitation period under any Applicable Law with respect to Taxes. Following the Closing, the Purchaser will permit the Vendors and its authorized representatives reasonable access thereto, and to make copies thereof, in connection with the affairs of the Vendors, including in respect of any Claim or proceeding to which such materials may be relevant and if a person who is a shareholder of any of the Vendors on the date of this Agreement wishes to receive such materials, the Purchaser will permit the Vendors to provide copies of such materials to such shareholder provided such shareholder agrees with the Purchaser in writing to keep the material received confidential on the same terms to which the Vendors is bound pursuant to Section 6.01(3).

(2) Both prior to the Closing Date and, if the sale and purchase of the Shares hereunder fails to occur for whatever reason, thereafter the Purchaser will not disclose to any person or use for its own or for any purpose other than the purpose contemplated by this Agreement any confidential information concerning the Vendors or the Subject Corporations obtained by the Purchaser pursuant hereto or in connection with the transactions contemplated hereby, will hold all such information in the strictest confidence and, if the sale and purchase of the Shares hereunder fails to occur for whatever reason, will return all documents, records and all other information or data relating to the Vendors or the Subject Corporations which the Purchaser obtained pursuant to this Agreement.

(3) From and after the Closing Date each of the Vendors will not disclose to anyone or use for any purpose any confidential information concerning any of the Subject Corporations and will hold all such information in the strictest confidence. Notwithstanding the foregoing, the Vendors will not be prohibited from disclosing any confidential or other information necessary in order to prosecute or defend any Claim or other proceeding, as required by Applicable Law or any Governmental Authority or to enforce or protect its rights under or relating to this Agreement.

6.02 Tax Matters

(1) On or before the statutory due date, the Vendors shall be responsible for preparing, at their own cost and expense and on behalf of and in the name of the Subject Corporations, all Tax Returns of the Subject Corporations required by Applicable Law to be filed for any taxation year of a Subject Corporation that end on or before the Closing Date and will prepare, at their

own cost and expense, all financial statements of the Subject Corporations required in connection therewith. The Purchaser shall cause the Subject Corporations to timely file such Tax Returns and remit any amounts owing under any Tax Returns that Vendors are required to prepare, provided that:

- (a) all such Tax Returns shall be prepared in a manner consistent with past practice, except to the extent otherwise required by Applicable Law; and
- (b) prior to filing any such Tax Return, the Vendors shall first supply draft copies of the Tax Returns to the Purchaser, which shall have the right and opportunity to provide written comments to any such Tax Return within 30 days after receipt of the draft thereof and have the right to require the Vendors to cause reasonable changes (not inconsistent with Applicable Law) to be made to any such Tax Returns. The Vendors will make, or cause to be made, such reasonable changes required by the Purchaser. If the Purchaser provides the Vendors with comments to a particular Tax Return, the Vendors and the Purchaser will negotiate in good faith to resolve any disputed items on such Tax Return. If any such dispute cannot be resolved by the parties, it will be submitted to an independent accounting firm mutually agreeable by the parties for resolution.

(2) Each of the Vendors and the Purchaser will co-operate reasonably with each other and make available to each other in a timely fashion such data and other information as may reasonably be required for the preparation of any Tax Return of each of the Subject Corporations for a period ending on, before or including the Closing Date and will, notwithstanding any other provision of this Agreement, preserve such data and other information until the expiration of any applicable limitation period under any Applicable Law with respect to Taxes.

(3) From and after the Closing Date, the Purchaser will have the exclusive right to represent the interests of each of the Subject Corporations in any and all Tax audits, assessments or administrative or court proceedings, including in respect of all Pre-Closing Tax Periods; provided, however, that the Vendors will have the right to participate in any such audit, assessment or proceeding and to employ counsel of its choice, at its own expense, for purposes of such participation to the extent that any such audit, assessment or proceeding would result in an indemnity payment by the Vendors hereunder. In the event that the Purchaser proposes to compromise or settle any Tax claim, or consent or agree to any Tax liability, relating to any of the Subject Corporations that would result in an indemnity payment by the Vendors hereunder, the Vendors will have the right to review and comment on such proposed compromise, settlement, consent or agreement and all such reasonable comments will be incorporated into the applicable documents. The Purchaser will not agree or consent to compromise or settle any issue or claim arising in any such audit, assessment or proceeding on a basis that would result in liability of the Vendors for indemnification hereunder unless (i) the Vendors Representative consents to such settlement, compromise or concession, which consent will not be unreasonably withheld or delayed, or (ii) the Purchaser agrees to waive its right to be indemnified for the issue being settled, compromised or conceded. To the extent of any inconsistency between this provision and Section 7.05 in relation to Tax Claims the provisions hereof will prevail.

(4) After the Closing Date, each of the Vendors and the Purchaser will, and will cause their respective Affiliates to, (i) cooperate fully in preparing for any audits of, or disputes with, Taxation Authorities regarding any Tax Returns of or with respect to each of the Subject Corporations, (ii) make available to the other and to any Taxation Authority as reasonably requested all information, records and documents relating to Taxes of each of the Subject Corporations and to otherwise cooperate reasonably with respect to Tax matters, and (iii) provide timely notice to the other in writing of any pending or threatened Tax audits or assessments of each of the Subject Corporations for taxable periods for which the other may have liability taking into account this Section 6.02, and reasonably furnish the other with copies of all relevant material written correspondence received from any Taxation Authority in connection with any Tax audit or information request with respect to any such taxable period.

(5) Each of the Subject Corporations will not give a written waiver of a limitation period to the Canada Revenue Agency (or comparable provincial Taxation Authority) in respect of its Taxes relating solely to a Pre-Closing Tax Period without the consent of the Vendors (not to be unreasonably withheld, conditioned or delayed).

(6) If any of the Subject Corporations (or any predecessor of any such corporation) is or would be liable to pay tax under Part III or Part III.1 of the Tax Act with respect to any dividends that it has paid or been deemed to have paid on or prior to the Closing Date, each of the Vendors agree that they will concur, or cause the recipient of such dividend to concur, in accordance with subsection 184(4) or subsection 185.1(3) of the Tax Act (as applicable) in the making of an election pursuant to subsection 184(3) or subsection 185.1(2) of the Tax Act (as applicable) and each of the Vendors will take all steps reasonably requested, or cause the recipient of such dividend to take all steps reasonably requested, by any of the Subject Corporation and, or, the Purchaser to evidence such concurrence.

(7) Nothing herein will limit the ability of the Purchaser or its Affiliates (including the Subject Corporations) to (i) file or cause to be filed any local, domestic or foreign Tax Returns or (ii) take other steps with respect to any of the Subject Corporations, in each case for taxation years ending after the Closing Date, as may be required by Applicable Law and having regard to the advice of Purchaser's tax advisors.

(8) The Purchaser, in its sole discretion, may cause each of the Subject Corporations to make the election described in subsection 256(9) of the Tax Act.

ARTICLE 7 - INDEMNIFICATION

7.01 **Survival**

(1) Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein will survive the purchase and sale of the Shares contemplated hereby and will remain in full force and effect until the date that is eighteen (18) months from the Closing Date; provided, that the representations and warranties in Sections 3.01(1)(a) [**Organization and Authority**], 3.01(1)(b) [**Capitalization of the Subject Corporations**], 3.01(1)(c) [**No Subsidiaries**], 3.01(1)(d) [**Authority and Enforceability**], 3.01(1)(e) [**No Conflicts; Consents; Claims**], 3.01(1)(bb) [**Brokers**], 3.02(a) [**Organization and**

Authority of the Purchaser], 3.02(b) [**Enforceability**], 3.02(c) [**No Conflicts; Consents**], 3.02(d) [**Accredited Investor**], 3.02(e) [**Brokers**] and 3.02(i) [**Consideration Shares**] (collectively, the “**Fundamental Representations**”) will survive indefinitely, the representations and warranties in Section 3.01(1)(v) [**Environmental**] will survive until five years after the Closing Date and the Tax Representations will survive until 90 days after the expiration of the last of the limitation periods contained in the Tax Act and any other legislation imposing Tax on any of the Subject Corporations, as the case may be, subsequent to the expiration of which an assessment, reassessment or other form or recognized document assessing or imposing liability for Tax cannot be issued to any of the Subject Corporations, without regard to any extensions or waivers agreed to by such Subject Corporation after the Closing Date and there will be no limitations as to time for Claims involving an intentional misrepresentation or fraud.

(2) All covenants and agreements of the parties contained herein will survive the purchase and sale of the Shares contemplated hereby indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any Claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period will not thereafter be barred by the expiration of the relevant representation or warranty and such Claims will survive until finally resolved.

7.02 **Indemnification by the Vendors**

Subject to the provisions of this Article 7, each of the Vendors (individually, the “**Vendor Indemnitor**” and collectively, the “**Vendor Indemnitors**”) will, on a joint and several basis, indemnify and save harmless the Purchaser and the directors, officers, employees and agents of the Purchaser (individually, the “**Purchaser Indemnitee**” and collectively, the “**Purchaser Indemnites**”), without duplication, from and against all Claims asserted against and Losses incurred by any of them directly or indirectly arising out of or resulting from:

- (a) any inaccuracy or misrepresentation in any representation or warranty of any of the Vendors in this Agreement or in any Related Agreement;
- (b) any breach of any covenant of any of the Vendors in this Agreement or in any Related Agreement;
- (c) any Taxes imposed on or with respect to any of the Subject Corporations (or for which any of the Subject Corporations may otherwise be liable) for any Pre-Closing Tax Period;
- (d) any Indebtedness of any of the Subject Corporations (except for any Indebtedness taken into account in the calculation of the Purchase Price);
- (e) any Transaction Expenses (except for Transaction Expenses taken into account in the calculation of the Purchase Price); or
- (f) the Vendor Reorganization (other than any Claim by a Purchaser Indemnitee pursuant to this Section 7.02(f) that alleges that the value of any Subject Corporation has been reduced as a result of the sale, transfer or other disposition

of any asset of such Subject Corporation pursuant to a transaction expressly contemplated by the Vendor Reorganization), including any obligation of any Subject Corporation or the Purchaser to make any contribution, presently or at any time in the future, to the IPP.

7.03 **Indemnification by the Purchaser**

Subject to the provisions of this Article 7, the Purchaser will indemnify and save harmless the Vendors (individually, the “**Vendor Indemnitee**” and collectively, the “**Vendor Indemnitees**”) from and against all Claims asserted against and Losses incurred by any of them directly or indirectly arising out of or resulting from:

- (a) any inaccuracy or misrepresentation in any representation or warranty of the Purchaser in this Agreement; or
- (b) any breach of any covenant of the Purchaser in this Agreement.

7.04 **Certain Limitations**

The indemnification provided for in Sections 7.02 and 7.03 will be subject to the following limitations:

- (a) The Vendor Indemnitors will not be liable to the Purchaser Indemnitees for indemnification under Section 7.02(a) (other than with respect to a Claim for indemnification arising out of or resulting from any inaccuracy in or breach of any of the Fundamental Representations made by any of the Vendors or any of the Tax Representations (the “**Purchaser Basket Exclusions**”)), until the aggregate amount of all Losses in respect of indemnification under Section 7.02(a) (other than those based upon, arising out of, with respect to or by reason of the Purchaser Basket Exclusions) exceeds \$50,000 and then only the excess of such amount;
- (b) The Purchaser will not be liable to the Vendor Indemnitees for indemnification under Section 7.03(a) (other than with respect to a claim for indemnification arising out of or resulting from any inaccuracy in or breach of any Fundamental Representations made by the Purchaser (the “**Vendor Basket Exclusions**”)) until the aggregate amount of all Losses in respect of indemnification under Section 7.03(a) (other than those based upon, arising out of, with respect to or by reason of the Vendor Basket Exclusions) exceeds \$50,000 and then only the excess of such Loss.
- (c) The aggregate liability of the Vendor Indemnitors for indemnification payable pursuant to Section 7.02(a) (other than with respect to a Claim for indemnification arising out of or resulting from any inaccuracy in or breach of the Fundamental Representation made by any of the Vendors or any of the Tax Representations) will not exceed an amount equal to 35% of the Purchase Price (and for such purposes, the Consideration Shares will be deemed to have a value equal to the Ending Consideration Share Value).

- (d) The aggregate liability of the Purchaser for indemnification payable pursuant to Section 7.03(a) (other than with respect to a claim for indemnification arising out of or resulting from any inaccuracy in or breach of any Fundamental Representations made by the Purchaser) will not exceed \$4,200,000.
- (e) Sections 7.04(a), (b), (c) and (d) will not apply to any Claim asserted in respect of any Loss attributable to intentional misrepresentation or fraud.

7.05 **Third Party Indemnification**

Promptly after the assertion by any third party of any Third Party Claim (a “**Third Party Proceeding**”) against any person entitled to indemnification under this Agreement (the “**Indemnitee**”) that results or may result in the incurrence by such Indemnitee of any Claim or Loss for which such Indemnitee would be entitled to indemnification pursuant to this Agreement, such Indemnitee will promptly notify the party from whom such indemnification is or may be sought (the “**Indemnitor**”) of such Third Party Proceeding. Such notice will also specify with reasonable detail (to the extent the information is reasonably available) the factual basis for the Third Party Proceeding, the amount claimed by the third party, or if such amount is not then determinable, a reasonable estimate of the likely amount of the Third Party Claim. The failure to promptly provide such notice will not relieve the Indemnitor of any obligation to indemnify the Indemnitee, except to the extent such failure prejudices the Indemnitor or increases the amount of the Liability or cost of the defence of such Claim. Thereupon, the Indemnitor will have the right, upon written notice (the “**Defence Notice**”) to the Indemnitee within 30 days after receipt by the Indemnitor of notice of the Third Party Proceeding (or sooner if such Third Party Proceeding so requires) to conduct, at its own expense, the defence against the Third Party Proceeding in its own name or, if necessary, in the name of the Indemnitee. The Defence Notice will specify the counsel the Indemnitor will appoint to defend such Third Party Proceeding (the “**Defence Counsel**”), and the Indemnitee will have the right to approve the Defence Counsel, which approval will not be unreasonably withheld or delayed. Any Indemnitee will have the right to employ separate counsel in any Third Party Proceeding and/or to participate in the defence thereof, but the fees and expenses of such counsel will not be included as part of any Losses incurred by the Indemnitee unless (i) the Indemnitor failed to give the Defence Notice, (ii) such Indemnitee has received a written opinion of counsel, reasonably acceptable to the Indemnitor, to the effect that the interests of the Indemnitee and the Indemnitor with respect to the Third Party Proceeding are sufficiently adverse to prohibit the representation by the same counsel of both parties under applicable ethical rules, or (iii) the employment of such counsel at the expense of the Indemnitor has been specifically authorized in writing by the Indemnitor. The party conducting the defence of any Third Party Proceeding will keep the other party apprised of all significant developments and will not enter into any settlement, compromise or consent to judgment with respect to such Third Party Proceeding unless the Indemnitor and the Indemnitee consent, which consent will not be unreasonably withheld or delayed.

7.06 **Exclusive Remedy**

From and after the completion of the sale and purchase of Shares herein contemplated, except in the case of a breach of Sections 6.01(2) or 6.01(3), the rights of indemnity set forth in this Article 7 and Section 6.02 are the sole and exclusive remedies of each

party hereto in respect of any inaccuracy or misrepresentation in any representation or warranty, or breach of covenant or other obligation by another party under this Agreement. Accordingly, the parties waive, from and after the Closing, any and all rights, remedies and Claims that one party may have against another party, whether at law, under any statute or in equity (including Claims for contribution or other rights of recovery arising under any Environmental Law, Claims for breach of contract, breach of representation and warranty, negligent representation and all Claims for breach of duty), or otherwise, directly or indirectly, relating to the provisions of this Agreement or the transactions contemplated by this Agreement other than equitable remedies in the case of a breach of Section 6.01(3), as expressly provided for in this Article 7 and other than those arising with respect to any intentional misrepresentation or fraud. This Article 7 will remain in full force and effect in all circumstances and will not be terminated by any breach (fundamental, negligent or otherwise) by any party of its representations, warranties, covenants or other obligations under this Agreement or under any Related Agreement or by any termination or rescission of this Agreement by any party.

7.07 **Insurance Recoveries**

All indemnification payments payable hereunder will be reduced by the amount of insurance proceeds actually received by the respective Indemnitee for such Loss for which the respective Indemnitee is seeking indemnification.

7.08 **Duty to Mitigate**

Nothing in this Agreement will in any way restrict or limit any general obligation at law of an Indemnitee to mitigate any damages which it may suffer or incur by reason of the breach by an Indemnitor of any representation, warranty or covenant of the Indemnitor under this Agreement.

7.09 **Adjustment to Purchase Price**

Subject to Applicable Law, all amounts payable by the Vendors to a Purchaser Indemnitee pursuant to Article 7 will be deemed to be a decrease to the Purchase Price. All amounts payable by the Purchaser to a Vendor Indemnitee pursuant to Article 7 will be deemed to be an increase to the Purchase Price.

7.10 **Set-off**

Upon notice to the holder of the Purchaser Note specifying in reasonable detail the basis therefore, the Purchaser will be entitled to set off any amounts which it claims may be owed under Section 6.02 or Article 7 from the holder of the Purchaser Note, against amounts otherwise payable under such Purchaser Note or any other provision of this Agreement. Upon delivery of such notice, the principal amount of the Purchaser Note will be decreased by the amount of such Claim (the “**Adjustment Amount**”), and the monthly payments under the Purchaser Note will be adjusted such that the entire adjusted principal amount of the Purchaser Note is payable in equal monthly instalments over the number of remaining months to maturity of the Purchaser Note; provided that, in the event that such Adjustment Amount is finally adjudicated, or agreed upon by the holder of the Purchaser Note, to be a greater or lesser amount

than the Adjustment Amount as set forth in such notice, then the principal amount of the Purchaser Note will be decreased in the event of a greater amount and increased in the event of a lesser amount, as applicable, and monthly instalments payable under the Purchaser Note will be adjusted accordingly. The exercise of such right of set-off by the Purchaser in good faith, whether or not ultimately determined to be justified, will not constitute a default under this Agreement, the Purchaser Note or any instrument securing the Purchaser Note, regardless of whether any of the Vendors disputes such set-off claim, or whether such set-off claim is for a contingent or unliquidated amount. Neither the exercise of, nor the failure to exercise, such right of set-off will constitute an election of remedies or limit the Purchaser in any manner in the enforcement of any other remedies that may be available to it.

ARTICLE 8 - GENERAL

8.01 Vendors Representative

(1) Each Vendor (which for the purposes of this Section 8.01(1) includes each of the Vendors) constitutes and appoints Christopher Gerald Lund as its representative (the “**Vendors Representative**”) and its true and lawful attorney in fact, with full power and authority in its name and on its behalf:

- (i) to act on such Vendor’s behalf in the absolute discretion of Vendors Representative with respect to all matters relating to this Agreement, including execution and delivery of any amendment, supplement, or modification of this Agreement and any waiver of any claim or right arising out of this Agreement; and
- (ii) in general, to do all things and to perform all acts, including executing and delivering all agreements, certificates, receipts, instructions, and other instruments contemplated by or deemed advisable to effectuate the provisions of this Section 8.01.

Such appointment and grant of power and authority is coupled with an interest and is in consideration of the mutual covenants made in this Agreement and is irrevocable and will not be terminated by an act of any Vendor or by operation of law, whether by the death or incapacity of any Vendor or by occurrence of any other event. Each Vendor hereby consents to the taking of any and all actions and the making of any decisions required or permitted to be taken or made by the Vendors Representative. Each Vendor agrees that the Vendors Representative will have no obligation or liability to any person for any action taken or omitted by the Vendors Representative in good faith, and each Vendor will indemnify and hold harmless Vendors Representative from and will pay to Vendors Representative the amount of, or reimburse Vendors Representative for, any Loss that the Vendors Representative may suffer, sustain, or become subject to as a result of any such action or omission by Vendors Representative under this Agreement.

(2) The Purchaser will be entitled to rely upon any document or other paper delivered by the Vendors Representative as being authorized by the Vendors, and Purchaser will not be

liable to any Vendor for any action taken or omitted to be taken by the Purchaser based on such reliance.

(3) Until all obligations under this Agreement have been discharged (including all indemnification obligations under Article 7), the Vendors who, immediately prior to the Closing, are entitled in the aggregate to receive more than 50% of the Purchase Price, may, from time to time upon notice to the Purchaser, appoint a new Vendors Representative upon the death, incapacity or resignation of the Vendors Representative. If, after the death, incapacity, or resignation of the Vendors Representative, a successor Vendors Representative will not have been appointed by the Vendors within ten (10) Business Days after a request by the Purchaser, the Purchaser may appoint a Vendors Representative from among the Vendors to fill any vacancy so created by notice of such appointment to the Vendors.

8.02 **Further Assurances**

Each of the Vendors and the Purchaser will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may, either before or after the Closing Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

8.03 **Time of the Essence**

Time is of the essence of this Agreement.

8.04 **Fees and Commissions**

Except as otherwise provided herein, each of the parties hereto will pay its respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs and expenses whatsoever and howsoever incurred.

8.05 **Public Announcements**

Except as required by law, no public announcement or press release concerning the sale and purchase of the Shares may be made by the parties hereto without the prior consent and joint approval of the Vendors and the Purchaser.

8.06 **Independent Legal Advice**

Each of the Vendors hereby declares that he, she or it has had the opportunity to seek independent legal advice with respect to this Agreement and any Related Agreements to which it is a party and each Vendor and Vendor further declares that he, she or it fully understands this Agreement and any Related Agreements to which it is a party.

8.07 **Benefit of the Agreement**

This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the parties hereto.

8.08 **Entire Agreement**

This Agreement and the Related Agreements constitute the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement or in the Related Agreements.

8.09 **Amendments and Waivers**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

8.10 **Assignment**

This Agreement may not be assigned by any of the Vendors without the written consent of the Purchaser but may be assigned by the Purchaser with the consent of the Vendors to an Affiliate of the Purchaser, provided that such consent will not be withheld provided that such Affiliate enters into a written agreement with the Vendors to be bound by the provisions of this Agreement in all respects and to the same extent as the Purchaser is bound and provided that the Purchaser will continue to be bound by all the obligations hereunder as if such assignment had not occurred and perform such obligations to the extent that such Affiliate fails or is not able to do so, including respecting the issuance of the Consideration Shares.

8.11 **Notices**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery or by electronic means of communication addressed to the recipient as follows:

To the Vendors:

Perennial Group of Companies

[TEXT REDACTED: the omitted text sets for an address]

Email: [TEXT REDACTED: the omitted text sets for an email address]

Attention: [TEXT REDACTED: the omitted text sets for a contact name]

With a copy to (which will not constitute notice):

Goodmans LLP
Suite 3400, 333 Bay Street
Toronto, Ontario M5H 2S7

Attention: [TEXT REDACTED: the omitted text sets for a contact name]

Email: [TEXT REDACTED: the omitted text sets for an email address]

To the Purchaser:

DATA Communications Management Corp.

Attention: [TEXT REDACTED: the omitted text sets for a contact name]

Email: [TEXT REDACTED: the omitted text sets for an email address]

With a copy to (which will not constitute notice):

McCarthy Tétrault LLP
P.O. Box 48, Suite 5300
Toronto-Dominion Bank Tower
Toronto, Ontario M5K 1E6

Attention: [TEXT REDACTED: the omitted text sets for a contact name]

Email: [TEXT REDACTED: the omitted text sets for an email address]

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day.

8.12 **Severability**

If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either of the parties.

8.13 **Remedies Cumulative**

The right and remedies of the parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

8.14 **No Third Party Beneficiaries**

Except as provided in Sections 7.02, 7.03, 7.05 and 8.07, this Agreement is solely for the benefit of:

- (a) the Vendors and their respective heirs, executors, administrators, other legal representatives, successors and permitted assigns, with respect to the obligations of the Purchaser under this Agreement, and
- (b) the Purchaser and its successors and permitted assigns, with respect to the obligations of each of the Vendors under this Agreement;

and this Agreement will not be deemed to confer upon or give to any other person any Claim or other right or remedy. The Vendors appoint the Purchaser as the trustee for the Purchaser Indemnitees of the covenants of indemnification of the Vendors with respect to such Purchaser Indemnitees as specified in this Agreement and the Purchaser accepts such appointment. The Purchaser appoints the Vendors Representative as the trustee for the Vendor Indemnitees of the covenants of indemnification of the Purchaser with respect to such Vendor Indemnitees specified in this Agreement and Vendors Representative accepts such appointment.

8.15 **Governing Law**

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.16 **Attornment**

For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. The parties hereto each attorn to the jurisdiction of the courts of the Province of Ontario.

8.17 **Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

8.18 **Electronic Execution**

Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the parties have executed this Agreement.

“Christopher. Lund”

CHRISTOPHER G. LUND

“Marina Lund”

MARINA LUND

THE LUND FAMILY TRUST, by its trustees

Per: *“Christopher. Lund”*

Name: Christopher Lund

Title: Trustee

Per: *“Marina Lund”*

Name: Marina Lund

Title: Trustee

Per: *“Michael Lund”*

Name: Michael Lund

Title: Trustee

**DATA COMMUNICATIONS
MANAGEMENT CORP.**

Per: *“Gregory Cochrane”*

Name: Gregory Cochrane

Title: President

“James Lorimer”

Per: Name: James Lorimer

Title: CFO

SCHEDULE 1.01(A)

Form of Lockup Agreement

(See attached)

Schedule 1.01(A)

LOCK-UP AGREEMENT

[•], 2018

DATA Communications Management Corp.
9195 Torbram Road
Brampton, Ontario
L6S 6H2

Attention: Chief Financial Officer

Dear Sirs/Mesdames:

Re: **Issuance of common shares of DATA Communications Management Corp. on [•], 2018 (the “Closing Date”)**

This letter agreement (this “**Agreement**”) relates to the proposed issuance (the “**Issuance**”) of common shares (the “**Consideration Shares**”) of DATA Communications Management Corp. (the “**Corporation**”) pursuant to a share purchase agreement (the “**Purchase Agreement**”) dated •, 2018 between the Corporation, Christopher G. Lund, Marina Lund, and Lund Family Trust.

The undersigned (the “**Vendor**”) recognises that the Issuance will be of benefit to the Vendor and the Corporation. The Vendor acknowledges that the Corporation is and will be relying on the representations and agreements of the Vendor contained herein in carrying out the Issuance.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Vendor hereby agrees that, without the prior written consent of the Corporation, during the period beginning on the Closing Date and ending 12 months thereafter (the “**Lock-Up Period**”), the Vendor will not (i) offer, pledge, grant, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise transfer, dispose of or monetize, directly or indirectly, any Consideration Shares, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any of the Consideration Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Consideration Shares or such other securities, in cash or otherwise. The foregoing restrictions are expressly agreed to preclude the Vendor from engaging in any hedging or other transaction which is designed, to or which could reasonably be expected to, lead to or result in a sale or disposition of Consideration Shares even if such securities would be disposed of by someone other than the Vendor. Such prohibited hedging or other transactions would include, without limitation, any short sale or any purchase, sale or grant of any right (including, without limitation, any put or call option) with respect to any Consideration Shares or with respect to any security that includes, relates to, or derives any significant part of its value from the Consideration Shares. The Vendor will not publicly announce an intention to do any of the foregoing or act jointly or in concert with any third party with respect to any of the matters set forth hereinabove.

Notwithstanding the foregoing:

- a) Provided in each case the Vendor delivers a certificate to the Corporation certifying that the recipient of the Consideration Shares is a person referred to in clause (i) or (ii) of this paragraph, the Vendor may transfer, sell or otherwise dispose of any or all of the Consideration Shares to (i) companies, partnerships, limited liability companies or other entities to the extent that such entities are controlled by the Vendor, (ii) an immediate family member or charitable organization as part of *bona fide* tax or estate planning opportunities, or (iii) any trusts existing solely for the benefit of the Vendor; provided, in each case, that prior to such transfer, sale or disposition, the recipient of the Consideration Shares delivers a joinder to this Agreement to and for the benefit of the Corporation, pursuant to which the recipient unconditionally agrees to be bound by the terms of this agreement for the duration of the Lock-Up Period;
- b) the Vendor may transfer, sell or otherwise dispose of any or all of the Consideration Shares pursuant to a bona fide third party take-over bid made to all holders of the Corporation's common shares, a plan of arrangement, merger, amalgamation or similar transaction at any time provided that in the event that such take-over bid or acquisition transaction is not completed, the Consideration Shares will remain subject to the restrictions contained herein;
- c) the Vendor may pledge the Consideration Shares to a bank or other financial institution for the purpose of giving collateral for a debt made in good faith, but solely to the extent that such bank or financial institution agrees in writing to be bound by the terms of this agreement for the duration of the Lock-Up Period; and
- d) the Vendor may sell or otherwise dispose of any or all of the Consideration Shares to settle any claim for indemnification against the Purchaser pursuant to the Purchase Agreement.

Each of the foregoing, being referred to here as a "Permitted Transfer"

The Vendor hereby authorizes the Corporation, during the Lock-Up Period, to cause any transfer agent for the Consideration Shares to decline to transfer, and to note stop transfer restrictions on the share register and other records relating to, Consideration Shares for which the Vendor is the record holder and, in the case of Consideration Shares for which the Vendor is the beneficial but not the record holder, agrees during the Lock-Up Period to cause the record holder to cause the relevant transfer agent to decline to transfer, and to note stop transfer restrictions on the share register and other records relating to, such Consideration Shares. The Vendor hereby further agrees that, without the prior written consent of the Corporation, during the Lock-up Period the Vendor will not file, circulate or participate in the circulation of any preliminary or final prospectus or other disclosure document with respect to any proposed offering or sale of the Consideration Shares. Notwithstanding the foregoing, the Corporation will cause any transfer agent for the Consideration Shares to effect any Permitted Transfer that complies with the provisions of paragraph (a), (b), (c) or (d) above, presented to such transfer agent or the Corporation for transfer and the transfer agent or the Corporation, as applicable, will record the transfer in the share register and other records of the Corporation and issue share certificates in the name of the transferee or as the transferor shall direct.

The Vendor hereby represents and warrants that the Vendor has full power, authority and right to enter into and deliver this Agreement and that this Agreement constitutes a valid and legally binding obligation of the Vendor, enforceable in accordance with its terms. Upon request, the Vendor will execute any additional documents necessary in connection with enforcement

hereof. This Agreement is irrevocable and the obligations of the Vendor under this Agreement will be binding upon the successors, assigns, heirs, executors, administrators and other legal representatives of the Vendor, provided however that the Vendor shall not assign this agreement without the prior written consent of the Corporation.

This agreement and the rights and obligations of the Vendor shall be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. All matters relating hereto shall be submitted to a court of competent jurisdiction in the Province of Ontario, for the purpose of this agreement and for all related proceedings.

The parties hereto agree that in the event of a breach, the Corporation shall be entitled to the remedy of specific performance of such covenants or commitments and preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which the Corporation may be entitled, at law or in equity.

This agreement will terminate on the earliest of: (i) the expiration of the Lock-Up Period; and (ii) the completion of a Permitted Transfer comprising all of the Consideration Shares, provided the recipient of the Consideration Shares has assumed the obligations of the Vendor under this Agreement for the remaining duration of the Lock-Up Period.

This agreement may be executed in any number of counterparts, each of which when delivered, either in original or facsimile form, shall be deemed to be an original and all of which together shall constitute one and the same document.

Very truly yours,

[Name of Vendor]

Per: _____
Name:
Title:

SCHEDULE 1.01(B)

Form of Non-Competition / Non-Solicitation Agreements

(See attached)

NON-COMPETITION AND NON-SOLICITATION AGREEMENT

THIS AGREEMENT is made as of [●], 2018

B E T W E E N:

DATA COMMUNICATIONS MANAGEMENT CORP., a corporation incorporated under the laws of Ontario (the “**Purchaser**”)

- and -

The persons set forth on Schedule A hereto (collectively, the “**Vendor Parties**” and, individually, a “**Vendor Party**”)

WHEREAS the Vendor Parties and the Purchaser entered into a share purchase agreement made as of [●], 2018 (the “**Share Purchase Agreement**”) for the sale of the Shares of each of Perennial Group of Companies Inc., Perennial Inc. and The Finished Line Studios Inc. (collectively, the “**Corporations**”);

AND WHEREAS it is a condition of the closing of the sale and purchase of the Shares pursuant to the Share Purchase Agreement that each of the Vendor Parties enter into a non-competition and non-solicitation agreement with the Purchaser;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the closing of the purchase and sale of the Shares pursuant to the Share Purchase Agreement, the covenants and agreements herein contained and the payment to the Vendor Parties of the sum of \$1 of lawful money of Canada by each of the Corporations and the Purchaser (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 **Definitions**

(1) In this Agreement, unless something in the subject matter or context is inconsistent therewith, in the context of any action taken by any of the Vendor Parties, the words “**directly or indirectly**” include any action taken by such Vendor Party for such Vendor Party’s own benefit or the benefit of any person competing with any of the Corporations, whether taken by such Vendor Party individually or in partnership or jointly or in conjunction with any person as principal, agent, trustee, employee or shareholder.

(2) Terms used in this Agreement that are defined in the Share Purchase Agreement and not otherwise defined herein will have the same meaning herein as in the Share Purchase Agreement.

1.02 **Sections and Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.03 **Extended Meanings**

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Government Authorities.

ARTICLE 2 - RESTRICTIVE COVENANTS

2.01 **Non-Competition**

(1) Each of the Vendor Parties covenants and agrees that such Vendor Party will not, without the prior written consent of the Purchaser, in any manner whatsoever, except in connection with any employment, service or engagement provided by a Vendor Party to a Corporation or the Purchaser pursuant to a written agreement between the Vendor Party and a Corporation or the Purchaser (a “**Permitted Activity**”) at any time during a period of five years from the date hereof, directly or indirectly:

- (a) carry on, engage in or be concerned with or interested in; or
- (b) lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed by any person engaged in or concerned with or interested in,

any business that is the same as, substantially similar to or competitive with the business carried on by any of the Corporations on the date hereof within Canada.

(2) Each of the Vendor Parties confirms that all restrictions in Section 2.01(1) are reasonable and valid and waives all defences to the strict enforcement thereof.

(3) Nothing in Section 2.01(1) will be interpreted as preventing a Vendor Party from (i) holding shares listed on a Canadian stock exchange that does not exceed 5% of the outstanding shares so listed, or (ii) for holding any ownership in or being concerned with, interested in or participating in the management of, the entities listed on Schedule A hereto as long as (A) such entity is Controlled by one or more of the Vendor Parties, (B) such entities otherwise comply with Section 2.01, and (C) none of the Vendor Parties or any person

Controlled by any of them will permit any information that they retain and that is specific to any of the Corporations to be retrieved by or conveyed to any such entity.

2.02 **Non-Solicitation**

(1) Each of the Vendor Parties covenants and agrees that such Vendor Party will not, without the prior written consent of the Purchaser, in any manner whatsoever except in connection with a Permitted Activity, at any time during a period of five years from the date hereof, directly or indirectly:

- (a) induce or endeavour to induce any employee of any of the Corporations to leave his or her employment;
- (b) employ or attempt to employ or assist any person to employ any employee of any of the Corporations; or
- (c) solicit, endeavour to solicit or gain the custom of, canvass or interfere with any Corporation's relationships with any person that:
 - (i) is a customer of any of the Corporations at the date hereof;
 - (ii) was a customer of any of the Corporations at any time within 12 months prior to the date hereof; or
 - (iii) has been pursued as a prospective customer by or on behalf of the any of the Corporations at any time within 12 months prior to the date hereof, and in respect of whom such Corporation has not determined to cease all such pursuit.

(2) Each of the Vendor Parties hereby acknowledges and confirms that all restrictions in Section 2.02(1) are reasonable and valid and waives all defences to the strict enforcement thereof.

2.03 **Acknowledgements**

Each of the Vendor Parties acknowledges that:

- (a) the respective reputation of the Corporations in the industry and their relationship with their customers are the result of hard work, diligence and perseverance on behalf of such Corporation over an extended period of time; and
- (b) the nature of the business of each of the Corporations is such that the on-going relationship between such Corporation and its customers is material and has a significant effect on the ability of such Corporation to continue to obtain business from its customers with respect to both long term and new projects.

ARTICLE 3 - GENERAL

3.01 Benefit of Agreement

This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the parties hereto.

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement or in the Share Purchase Agreement.

3.03 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by each of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

3.04 Remedies Cumulative

Each of the Vendor Parties acknowledges and agrees that monetary damages would not alone be sufficient to remedy any breach by such Vendor Party of any term or provision of this Agreement and that the Purchaser will also be entitled to equitable relief, including injunction and specific performance, in the event of any breach hereof and in addition to any other remedy available pursuant to this Agreement or at law or in equity. Each of the Vendor Parties waives any requirement for the deposit of security or posting of any bond in connection with any equitable remedy. The right and remedies of the parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

3.05 Severability

If any provision of this Agreement is determined by any court or competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either of the parties.

3.06 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. All matters relating to this

Agreement shall be submitted to a court of competent jurisdiction in the Province of Ontario, for the purpose of this Agreement and for all related proceedings.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the parties have executed this Agreement.

SIGNED, SEALED AND DELIVERED)

in the presence of:)

)

)

Witness)

[TEXT REDACTED: the name of the Vendor

has been redacted]

)

Witness)

[TEXT REDACTED: the name of the Vendor

has been redacted]

[TEXT REDACTED: the name of the Vendor
has been redacted]

Per: _____

Name:

Title:

Per: _____

Name:

Title:

**DATA COMMUNICATIONS
MANAGEMENT CORP.**

Per: _____

Name:

Title:

Schedule A

[TEXT REDACTED: the omitted text sets for a contact name]

[TEXT REDACTED: the omitted text sets for a contact name]

[TEXT REDACTED: the omitted text sets for a contact name]

[TEXT REDACTED: the omitted text sets for a contact name]

SCHEDULE 1.01(D)

Required Third Party Consents

1. TSX approval with respect to the issuance of the Consideration Shares and the warrants issued to Crown Capital Fund IV, LP.

SCHEDULE 1.01(E)

Vendor Reorganization

(See attached)

[TEXT REDACTED : the omitted text sets out for the transaction contemplated by the Vendor Reorganization]

SCHEDULE 2.01

Ownership of Shares; Allocation of Cash Consideration; and Registration of Consideration Shares

Allocation of Consideration:

Vendor	Cash	Purchaser Note	Consideration Shares	Total
[TEXT REDACTED: the omitted text sets forth a name]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]
[TEXT REDACTED: the omitted text sets forth a name]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]
[TEXT REDACTED: the omitted text sets forth a name]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]
<u>Total</u>	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]

Ownership of Shares:

Perennial Group of Companies Inc.

Shareholder	No. & Class of Shares	Cert No.
[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth an amount]

Perennial Inc.

Shareholder	No. & Class of Shares	Cert No.
[TEXT REDACTED: the omitted text sets forth a name]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth a certificate number]
[TEXT REDACTED: the omitted text sets forth a name]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth a certificate number]

The Finished Line Studios Inc.

Shareholder	No. & Class of Shares	Cert No.
[TEXT REDACTED: the omitted text sets forth a name]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth a certificate number]
[TEXT REDACTED: the omitted text sets forth a name]	[TEXT REDACTED: the omitted text sets forth an amount]	[TEXT REDACTED: the omitted text sets forth a certificate number]

Registration of Shares:

Shareholder
[TEXT REDACTED: the omitted text sets forth a name] [TEXT REDACTED: the omitted text sets forth an address]

SCHEDULE 2.03(1)(c)

Purchaser Note

(See attached)

PROMISSORY NOTE

●, 2018

Toronto, Ontario

FOR VALUE RECEIVED DATA Communications Management Corp. (the “**Payor**”), acknowledges itself indebted to [●] (the “**Payee**”) and unconditionally promises to pay to the Payee, or as the Payee shall direct, the sum of \$2,500,000 (the “**Original Principal Amount**”) in lawful money of Canada in three annual installments in accordance with the amortization schedule attached hereto as Schedule “A” and, in any event, on or before [●] (the “**Maturity Date**”), together with interest thereon as provided for in this Note. The Original Principal Amount (as reduced by payment of the scheduled amortization instalments) shall be subject to increase or decrease from time to time in accordance with the adjustment provisions set forth in Section [2.04] of that certain share purchase agreement dated as of [●], 2017 between, *inter alios*, the Payor and the Payee (the “**Purchase Agreement**”). In the event of any such upward or downward adjustment, the initial payment in the amortization schedule shall be adjusted to reflect such adjustment. The Original Principal Amount as so reduced and adjusted from time to time is referred to herein as the “**Outstanding Principal Amount**”. This promissory note, as it may be amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with its terms is referred to herein as this “**Note**”. Capitalized terms used in this Note and not otherwise defined shall have the meaning ascribed to such terms in the Purchase Agreement.

The Outstanding Principal Amount shall not bear interest prior to the Maturity Date, but shall bear interest from and after default and judgment at the rate of ten percent (10%) per annum (the “**Rate**”), calculated and compounded monthly and payable on demand.

1. **Prepayment.** The Payor shall have the right at any time or times to prepay all or any portion of the Outstanding Principal Amount together with any accrued and unpaid interest on the principal amount to be prepaid without notice, bonus or penalty.
2. **Payments.** All payments made hereunder shall be applied first to the payment of accrued and unpaid interest, if any, and second to the payment of the Outstanding Principal Amount. Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension will be taken into account in calculating the amount of interest, if any, payable under this Note. If at any time any payment made by the Payor under this Note is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of the Payor, or otherwise, the Payor’s obligation to make such payment shall be reinstated as though such payment had not been made.
3. **Method of Payment.** Payments due hereunder shall be paid to the Payee in lawful money of Canada in immediately available funds by wire transfer (in accordance with wire instructions noted below), or as otherwise directed by the Payee:

[NTD: Perennial to insert wire transfer instructions]

4. **Event of Default.** The Outstanding Principal Amount and all accrued interest and other costs, expenses, and charges thereon shall immediately become due and payable without notice or demand upon the occurrence of any of the following events of default (each, an “**Event of Default**”):
 - (a) the failure to pay any amount due under this Note within 5 calendar days after the day on which any such payment is due;

- (b) the Payor making an assignment for the benefit of creditors or an order, judgment or decree being entered for relief in respect of or adjudicating the Payor or any of its subsidiaries bankrupt or insolvent;
 - (c) the Payor or any of its subsidiaries petitioning or applying to any tribunal for the appointment of, or taking of possession by, a trustee, receiver, custodian, or liquidator or other similar official of the Payor or any subsidiary or of any substantial part of any of their respective assets; or
 - (d) the Payor or any of its subsidiaries commencing any proceeding relating to the Payor or any subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, or any such petition or application being filed or any such proceeding being commenced against the Payor or any of its subsidiaries and such petition, application or proceeding not being dismissed within 60 calendar days.
5. **Waiver of Notice.** The Payor hereby waives demand for payment, presentment for payment, protest, notice of payment, notice of dishonour, notice of non-payment, notice of acceleration of maturity and diligence in taking any action to collect sums owing hereunder. No failure or delay by the Payee in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right exclude the further exercise thereof or the exercise of any other right.
6. **No Assignment/Not a Negotiable Instrument.** The Payee may not assign this Note without the prior written consent of the Payor. The Payor may not assign this Note without the prior written consent of the Payee. This Note is not a negotiable instrument.
7. **Successors and Assigns.** This Note is a continuing obligation and shall be binding upon the Payor and the Payee and their permitted successors and permitted assigns, and shall enure to the benefit of and be enforceable by the Payee and the Payor and their successors and assigns.
8. **Business Purposes.** This Note is made for business purposes and is a “business agreement” as defined in the *Limitations Act, 2002* (Ontario) (the “Act”). In accordance with the Act, the limitation period otherwise applicable to this Note is extended to the maximum period permitted by such legislation.
9. **Miscellaneous.** All notices, requests or other communications required or permitted to be delivered hereunder shall be delivered in writing, in each case to the address specified in the Purchase Agreement or as otherwise changed in accordance with the terms of the Purchase Agreement. This Note, and all matters arising out of or relating to this Note, shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein and the Payor irrevocably attorns to the jurisdiction of the courts of the Province of Ontario. In the event of any conflict between the terms of this Note and the Purchase Agreement, the terms of this Note shall be paramount. None of the terms or provisions of this Note may be amended, modified, supplemented, terminated or waived, except by an instrument in writing signed by the Payor and the Payee. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The headings of the various paragraphs of this Note are for reference only and shall not define, modify, expand or limit any of the terms or provisions hereof. Any provision hereof which is invalid, illegal or unenforceable in whole or in part in any jurisdiction shall,

as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating the remaining provisions hereof or affecting the validity, legality or enforceability of such provision in any other jurisdiction.

[The remainder of this page intentionally left blank.]

[Signature page to promissory note]

IN WITNESS WHEREOF the Payor has executed this Note as of the date first set forth above.

**DATA COMMUNICATIONS
MANAGEMENT CORP.**

Per: _____
Name:
Title:

SCHEDULE "A" - AMORTIZATION SCHEDULE

<u>Date of Payment</u>	<u>Amount</u>
[●, 2019	\$1,000,000.00
●, 2020	\$1,000,000.00
●, 2020]	\$500,000.00

SCHEDULE 5.01(k)

Form of Release in Favour of Subject Corporations

(See attached)

SCHEDULE 5.01(k)

RELEASE

WHEREAS [Name of Vendor/director/officer of a Subject Corporation] (the “undersigned”) has agreed with DATA Communications Management Corp. (the “Purchaser”) to sell all of the issued and outstanding shares of each of Perennial Group of Companies Inc., Perennial Inc. and The Finished Line Studios Inc. (collectively, the “Subject Corporations”) pursuant to the terms of a share purchase agreement dated as of ●, 2018 (the “Share Purchase Agreement”) between, *inter alia*, the Purchaser and is a director and, or, officer of one of more of the Subject Corporations;

AND WHEREAS the undersigned and, as a condition of the closing of such purchase and sale, has agreed to release each of the Subject Corporations from all claims against each of the Subject Corporations;

NOW THEREFORE THIS RELEASE WITNESSES that in consideration of the closing of the purchase and sale of the Shares and the payment to the undersigned of the sum of \$1 of lawful money of Canada by each of the Subject Corporations (the receipt and sufficiency of which are hereby acknowledged), the undersigned:

- (a) releases, waives and forever discharges each of the Subject Corporations from any and all actions, causes of action, liabilities, claims, losses, duties, dues, sums of money, obligations, costs, expenses, liens and demands whatsoever (collectively, “Claims”) which the undersigned as a shareholder, creditor, officer, director or employee of any of the Subject Corporations or otherwise ever had, now has or may hereafter have for or by reason of or in any way arising out of any cause, matter or thing whatsoever existing up to the present time and, in particular, without in any way limiting the generality of the foregoing, for or by reason of or in any way arising out of any claims for dividends or other distributions or money advanced, salary, wages, retirement or pension allowances, director's fees, bonus, expenses, participation in profits, earnings or other remuneration whether authorized or provided for by articles, by-law, resolution, contract or otherwise;
- (b) agrees that the undersigned shall not make any Claim or take any proceedings with respect to any matter released and discharged in (a) above which may result in any Claim arising against any of the Subject Corporations for contribution or indemnity or other relief; and
- (c) understands that the undersigned may later discover Claims or facts that may be different than, or in addition to, those the undersigned or any of the Subject Corporations now knows or believes to exist regarding the subject matter of the release contained in this Release and which, if known at the time of signing this Release, may have materially affected this Release the undersigned’s decision to enter into it and grant the release granted in this Release. Nevertheless, the undersigned intends to fully, finally and forever settle and release all Claims that now exist, may exist or previously existed, as set forth in the release contained in

this Release, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. The undersigned hereby waives any right or Claim that might arise as a result of such different or additional Claims or facts;

provided that, notwithstanding the foregoing, nothing herein contained shall release (i) any Claim of the undersigned with respect to any rights arising pursuant to the Share Purchase Agreement or any agreement or other document delivered pursuant thereto, or (ii) any Claim based on fraud.

THIS RELEASE shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

THIS RELEASE shall enure to the benefit of the respective successors and assigns of the Subject Corporations and shall be binding upon the heirs, legal personal representatives, successors and assigns of the undersigned.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF the undersigned has executed this Release this ____
day of _____, 2018.

**[TEXT REDACTED: the name of the Vendor
has been redacted]**

●

●

●

OR

SIGNED, SEALED AND DELIVERED)

in the presence of:)

)

)

Name of Witness:)

**[TEXT REDACTED: the name of the Vendor
has been redacted]**

SCHEDULE 5.02(n)

Form of Release in Favour of Vendors and Directors

(See attached)

SCHEDULE 5.02(m)

RELEASE

WHEREAS Christopher Gerald Lund (“**GL**”), Marina Lund and The Lund Family Trust (collectively, the “**Vendors**”) have agreed with DATA Communications Management Corp. (the “**Purchaser**”) to sell all of the issued and outstanding shares of each of Perennial Group of Companies Inc., Perennial Inc. and The Finished Line Studios Inc. (collectively, the “**Subject Corporations**”) pursuant to the terms of a share purchase agreement dated as of ●, 2018 (the “**Share Purchase Agreement**”) between the Purchaser and the Vendors and, as a condition of the closing of such purchase and sale, each of the Subject Corporations has agreed to release each of the Vendors, each of the directors and certain officers of the Subject Corporation from all claims against each of the Vendors and such directors;

AND WHEREAS GL is the sole director of each of the Subject Corporations and, in such capacity is hereinafter referred to as the “**Director**”;

AND WHEREAS Marina Lund is an officer of the Perennial Group of Companies Inc. and, in such capacity is hereinafter referred to as the “**Officer**”;

NOW THEREFORE THIS RELEASE WITNESSES that in consideration of the closing of the purchase and sale of the Shares and the payment to the Subject Corporations of the sum of \$1 of lawful money of Canada by each of the Vendors, the Director and the Officer, respectively, (the receipt and sufficiency of which are, in each case, hereby acknowledged), each of the Subject Corporations:

- (a) releases, waives and forever discharges each of the Vendors, the Director and the Officer from any and all actions, causes of action, liabilities, claims, losses, duties, dues, sums of money, obligations, costs, expenses, liens and demands whatsoever (collectively, “**Claims**”) which such Subject Corporation ever had, now has or may hereafter have for or by reason of or in any way arising out of any cause, matter or thing whatsoever existing up to the present time;
- (b) agrees that such Subject Corporation shall not make any Claim or take any proceedings with respect to any matter released and discharged in (a) above which may result in any Claim arising against any of the Vendors, the Director or Officer for contribution or indemnity or other relief; and
- (c) understands that it may later discover Claims or facts that may be different than, or in addition to, those that it or each of the Vendors, Director or the Officer now knows or believes to exist regarding the subject matter of the release contained in this Release and which, if known at the time of signing this Release, may have materially affected this Release such party’s decision to enter into it and grant the release granted in this Release. Nevertheless, the Subject Corporations intend to fully, finally and forever settle and release all Claims that now exist, may exist or previously existed, as set forth in the release contained in this Release, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release,

notwithstanding the discovery or existence of such additional or different facts. The Subject Corporations hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts;

provided that, notwithstanding the foregoing, nothing herein contained shall release (i) any Claim of any of the Subject Corporations with respect to any rights arising pursuant to the Share Purchase Agreement or any agreement or other document delivered pursuant thereto, or (ii) any Claim based on fraud.

THIS RELEASE shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

THIS RELEASE shall enure to the benefit of the respective heirs, legal personal representatives, successors and assigns of each of the Vendor, the Director and the Officer and shall be binding upon the respective successors and assigns of the Subject Corporations.

[Remainder of page left intentionally blank]

DATED _____, 2018.

**PERENNIAL GROUP OF COMPANIES
INC.**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

PERENNIAL INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

THE FINISHED LINE STUDIOS INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title: