

**SOTERIA FLEXIBLES CORP.**

**AND**

**SOTERIA FLEXIBLES ACQUIRECO LTD.**

**AND**

**IMAFLEX INC.**

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**ARRANGEMENT AGREEMENT**

**DECEMBER 17, 2025**

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## TABLE OF CONTENTS

### ARTICLE 1 INTERPRETATION

Section 1.1	Defined Terms .....	1
Section 1.2	Certain Rules of Interpretation .....	18

### ARTICLE 2 THE ARRANGEMENT

Section 2.1	Arrangement .....	20
Section 2.2	Interim Order .....	20
Section 2.3	The Company Meeting .....	21
Section 2.4	The Company Circular .....	22
Section 2.5	Final Order .....	24
Section 2.6	Court Proceedings .....	24
Section 2.7	Articles of Arrangement and Effective Date .....	25
Section 2.8	Payment of Consideration .....	25
Section 2.9	Adjustment to Consideration .....	25
Section 2.10	Withholding Taxes .....	25
Section 2.11	List of Shareholders .....	26
Section 2.12	Stock Option Plan Matters .....	26
Section 2.13	Guarantee .....	26

### ARTICLE 3 REPRESENTATIONS AND WARRANTIES

Section 3.1	Representations and Warranties of the Company .....	27
Section 3.2	Representations and Warranties of the Purchaser and the Parent .....	27

### ARTICLE 4 COVENANTS

Section 4.1	Conduct of Business of the Company .....	28
Section 4.2	Covenants of the Company Relating to the Arrangement .....	32
Section 4.3	Covenants of Purchaser and Parent Relating to the Arrangement .....	35
Section 4.4	Regulatory Approvals .....	36
Section 4.5	Access to Information; Confidentiality .....	37
Section 4.6	Pre-Acquisition Reorganization .....	37
Section 4.7	Tax Matters .....	39
Section 4.8	Public Communications .....	39
Section 4.9	Notice and Cure Provisions .....	39
Section 4.10	Insurance and Indemnification .....	40
Section 4.11	Payoff and Release Letters .....	40
Section 4.12	Delisting .....	41
Section 4.13	Company Cash; Company Debt; Company Capital Lease Obligations; and Company Transaction Expenses .....	41

### ARTICLE 5 ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

Section 5.1	Non-Solicitation .....	41
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Section 5.2	Notification of Acquisition Proposals .....	43
Section 5.3	Responding to an Acquisition Proposal.....	43
Section 5.4	Right to Match.....	44

## **ARTICLE 6 CONDITIONS**

Section 6.1	Mutual Conditions Precedent .....	46
Section 6.2	Additional Conditions Precedent to the Obligations of the Purchaser.....	47
Section 6.3	Additional Conditions Precedent to the Obligations of the Company.....	49
Section 6.4	Satisfaction of Conditions.....	50

## **ARTICLE 7 TERM AND TERMINATION**

Section 7.1	Term .....	50
Section 7.2	Termination.....	50
Section 7.3	Effect of Termination/Survival .....	52

## **ARTICLE 8 GENERAL PROVISIONS**

Section 8.1	Amendments.....	53
Section 8.2	Termination Fees and Expenses.....	53
Section 8.3	Notices.....	56
Section 8.4	Time of the Essence .....	58
Section 8.5	Injunctive Relief .....	58
Section 8.6	Third Party Beneficiaries .....	58
Section 8.7	Waiver .....	59
Section 8.8	Entire Agreement .....	59
Section 8.9	Successors and Assigns .....	59
Section 8.10	Severability .....	59
Section 8.11	Governing Law.....	60
Section 8.12	Rules of Construction.....	60
Section 8.13	No Liability .....	60
Section 8.14	Language.....	60
Section 8.15	Counterparts .....	60

## **SCHEDULES**

Schedule A	PLAN OF ARRANGEMENT
Schedule B	ARRANGEMENT RESOLUTION
Schedule C	REPRESENTATIONS AND WARRANTIES OF THE COMPANY
Schedule D	REPRESENTATIONS AND WARRANTIES OF PURCHASER AND PARENT
Schedule E	AMENDED REAL PROPERTY LEASES

## ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of December 17, 2025,

### AMONG:

**Soteria Flexibles Corp.**, a corporation existing under the laws of the State of Delaware, United States of America.

(“**Parent**”)

- and -

**Soteria Flexibles AcquireCo Ltd.**, a corporation existing under the laws of the Province of Ontario.

(the “**Purchaser**”)

- and -

**Imaflex Inc.**, a corporation existing under the federal laws of Canada.

(the “**Company**”)

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

## ARTICLE 1 INTERPRETATION

### Section 1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

“**Acquisition Proposal**” means, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Purchaser or the Parent (or an affiliate of the Purchaser or the Parent or any Person acting jointly or in concert with the Purchaser or the Parent) relating to: (i) any sale, disposition, alliance or joint venture (or any lease, long-term supply agreement, license or other arrangement having the same economic effect as a sale or disposition), direct or indirect, in a single transaction or a series of related transactions, of or involving assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Company and its Subsidiaries or 20% or more of the voting or equity securities of the Company or any of its Subsidiaries (or rights or interests in such voting or equity securities); (ii) any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance of securities, sale of securities or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities of the Company or any of its Subsidiaries (including securities convertible or exercisable or exchangeable for

voting, equity or other securities of the Company or any of its Subsidiaries); (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding-up or other similar transaction involving the Company or any of its Subsidiaries; or (iv) any other similar transaction or series of transactions involving the Company or any of its Subsidiaries.

**“Affected Securityholders”** means, collectively, the Shareholders and the holders of Company Options.

**“affiliate”** has the meaning ascribed thereto in *Regulation 45-106 respecting Prospectus Exemptions*.

**“Agreement”** means this arrangement agreement, including all schedules hereto, as it may be amended or supplemented or otherwise modified from time to time in accordance with the terms hereof.

**“Amended Real Property Leases”** means, collectively, the amendments to the Company Leases substantially in the forms set out in Schedule “E”.

**“Arrangement”** means an arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

**“Arrangement Resolution”** means the special resolution approving the Plan of Arrangement to be considered at the Company Meeting by Shareholders, substantially in the form set out in Schedule “B”.

**“Articles of Arrangement”** means the articles of arrangement of the Company in respect of the Arrangement required by the CBCA to be sent to the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably.

**“associate”** has the meaning ascribed thereto in the *Securities Act (Québec)*.

**“Authorization”** means with respect to any Person, any order, permit, certificate, approval, consent, waiver, licence, registration, qualification, certification or similar authorization of any Governmental Entity having jurisdiction over the Person.

**“Board”** means the board of directors of the Company as constituted from time to time.

**“Board Recommendation”** has the meaning ascribed thereto in Section 2.4(2).

**“Breaching Party”** has the meaning ascribed thereto in Section 4.9(3).

**“Business”** means the business of the Company and its Subsidiaries, including the development, manufacturing and sale of polyethylene films, bags and metalized films.

**“Business Day”** means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Montreal, Québec or Carol Stream, Illinois.

**“Business Intellectual Property”** means, collectively, the Company Intellectual Property and the Licensed Intellectual Property.

**“Canada-United States Trade Dispute”** means the trade dispute between Canada and the United States beginning in February 2025 and driven by the imposition of U.S. Tariffs on Canadian goods and related Canadian countermeasures such as Canadian Surtaxes.

**“Canadian Surtax”** means any surtax, duty or tariff imposed by the Government of Canada upon the importation into Canada of any product of the United States in connection with the Canada-United States Trade Dispute.

**“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 (S.C. 2010, c. 23).

**“CBCA”** means the *Canada Business Corporations Act*.

**“Certificate of Arrangement”** means the certificate of arrangement to be issued by the Director pursuant to Subsection 192(7) of the CBCA in respect of the Articles of Arrangement.

**“Change in Recommendation”** has the meaning ascribed thereto in Section 7.2(1)(d)(ii).

**“Closing”** has the meaning ascribed thereto in Section 2.7(3).

**“Collective Agreements”** means all collective bargaining agreements or union agreements applicable to the Company or any of its Subsidiaries and all related letters, memoranda of understanding or other written communication with bargaining agents for any Company Employees applicable to the Company or any of its Subsidiaries which impose obligations upon the Company or any of its Subsidiaries.

**“Company”** has the meaning ascribed thereto in the preamble hereto.

**“Company Capital Lease Obligations”** means all obligations under capital leases of the Company and its Subsidiaries (other than the Company Leases), calculated in a manner consistent with the Interim Financial Statements.

**“Company Cash”** means, at any time, the aggregate cash and cash equivalents held by the Company and its Subsidiaries that are unrestricted, as determined in accordance with IFRS, and for the avoidance of doubt, shall (i) be calculated net of cheques and drafts issued by the Company or its Subsidiaries but uncleared as of the applicable time, and (ii) include cheques and drafts deposited or available for deposit for the account of the Company or its Subsidiaries as of the applicable time.

**“Company Circular”** means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

**“Company Debt”** means, without duplication, (i) all obligations of the Company and its Subsidiaries for borrowed money, including obligations evidenced by notes, bonds, debentures or other similar debt instruments, (ii) all reimbursement obligations of the Company and its Subsidiaries under letters of credit, to the extent such letters of credit have been drawn, (iii) obligations of the Company and its Subsidiaries in respect of interest rate, currency or other swaps, hedges or similar derivative arrangements, (iv) all obligations of the Company and its Subsidiaries for guarantees of another Person in respect of any items set forth in clauses (i) through (iii), and (v) all outstanding prepayment premium obligations of the Company and its Subsidiaries, if any, and accrued interest, fees and expenses payable upon the consummation of the transactions contemplated in this Agreement, as determined in accordance with IFRS.

**“Company Disclosure Letter”** means the disclosure letter dated the date of this Agreement and all schedules, exhibits and appendices thereto, delivered by the Company to the Purchaser with this Agreement.

**“Company Employees”** means the officers, managers, employees, in each case, whether active or inactive, unionized or non-unionized of the Company and its Subsidiaries, as well as consultants, independent contractors or other non-employee service providers of the Company and its Subsidiaries listed in Section 1.1 of the Company Disclosure Letter.

**“Company Employee Manual”** means the Company’s employee manual updated as of January 14, 2024 or Imaflex USA Inc.’s employee handbook updated as of February 2025, as the case may be.

**“Company Filings”** means all documents publicly filed by or on behalf of the Company on SEDAR+ since January 1, 2023.

**“Company Intellectual Property”** means all Intellectual Property owned or purported to be owned, in whole or in part, by the Company or a Subsidiary.

**“Company Leases”** has the meaning ascribed thereto in Paragraph 20(a) of Schedule “C”.

**“Company Meeting”** means the special meeting of Shareholders, including any adjournment or postponement thereof in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular and agreed to in writing by the Purchaser.

**“Company Options”** means the outstanding options to purchase Shares issued pursuant to the Stock Option Plan.

**“Company Real Property”** means the Leased Company Real Property or the Owned Company Real Property, as applicable.

**“Company Registered Intellectual Property”** has the meaning ascribed thereto in Paragraph 21(a) of Schedule “C”.

**“Company Related Parties”** has the meaning ascribed thereto in Section 8.2(7).

**“Company Transaction Expenses”** means, collectively, all costs and expenses of the Company whether incurred, accrued or billed in connection with the Arrangement including, without limitation, fees and expenses of financial advisors, any amount paid to current or purported finders, advisors or dealers, legal advisors, auditors, or other professionals or consultants, and printing, mailing and other costs and expenses relating to the Company Meeting.

**“Confidentiality Agreement”** means the confidentiality agreement between the Company and the Parent dated April 28, 2025, as amended.

**“Consideration”** means \$2.35 in cash per Share.

**“Constituting Documents”** means articles of incorporation, amalgamation, or continuation, articles, partnership agreements, unanimous shareholder agreements, by-laws or other constituting documents and all amendments thereto.

**“Contract”** means any agreement, commitment, engagement, contract, franchise, licence, lease, sublease, obligation or undertaking (written or oral) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or affected or to which any of the Company or any of its Subsidiaries’ properties or assets is subject.

**“COVID-19 Subsidies”** means the Canada Emergency Wage Subsidy, the Temporary Wage Subsidy, the Canada Emergency Rent Subsidy, the Canada Recovery Hiring Program, the *Coronavirus Aid, Relief, and Economic Security Act* of 2020, the *Continued Assistance Act*, the Executive Order signed by President Trump on August 8, 2020, the *Consolidated Appropriations Act* of 2021, and any other COVID-19 related loan program or direct or indirect wage, rent or other subsidy offered by a Governmental Entity.

**“COVID-19 Subsidies Returns”** means any and all Tax Returns filed, required to be filed or required to be kept on file in respect of COVID-19 Subsidies.

**“Court”** means the Superior Court of Québec, or other court as applicable.

**“Credit Facility”** means the Offer of Financing dated July 29, 2025 between Imaflex Inc., as borrower, Imaflex USA Inc., as guarantor, and National Bank of Canada, providing for three credit facilities totaling \$12,550,000.

**“Data Room”** means the material contained in the virtual data room established by the Company as at 5:00 p.m. on December 16, 2025, the index of documents of which is appended to the Company Disclosure Letter.

**“Data Security and Privacy Requirements”** means (i) all Laws relating to the privacy and security of Personal Information, or to the collection, use, storage, or communication (“**Processing**”) of such information or data, (ii) all Contracts between the Company or any of its Subsidiaries and any Person that are applicable to the Processing of Personal Information; (iii) all written documented Company or Subsidiary policies and procedures relating to the Processing of Personal Information, including all published consumer-facing website and mobile application privacy policies and formalized internal information security policies; (iv) the Payment Card Industry Data Security Standard issued by the PCI Security Standards Council (or any foreign equivalent), as they may be amended from time to time (the “**PCI DSS**”), and any other privacy- or data security- related industry standards to which the Company or any of its Subsidiaries are legally or contractually bound or have publicly represented with which they comply, and (v) CASL and Laws regulating the transmission of telephone calls, text messages, or emails.

**“Depository”** means Computershare Trust Company of Canada or such other Person as the Purchaser may appoint to act as depositary in relation to the Arrangement, with the approval of the Company, acting reasonably.

**“Director”** means the Director appointed pursuant to Section 260 of the CBCA.

**“Dissent Rights”** means the rights of dissent of registered Shareholders in respect of the Arrangement described in the Plan of Arrangement.

**“DRS Advice”** means the Direct Registration System (DRS) advice.

**“Effective Date”** means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

**“Effective Time”** has the meaning ascribed thereto in the Plan of Arrangement.

**“Employee Plans”** means all health, welfare, supplemental unemployment benefit, change of control, bonus, commission, profit sharing, option, stock appreciation, savings, vacation, severance, notice or termination pay, insurance, compensation, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension, savings, retirement or supplemental retirement plans or other employee, former employee or director compensation or benefit plans, policies, trusts, funds, agreements or arrangements for the benefit of directors or former directors of the Company or any of its Subsidiaries or Company Employees or former Company Employees (and their respective dependents and beneficiaries), whether written or oral, which are maintained, sponsored, contributed to or funded by or binding upon the Company or any of its Subsidiaries or in respect of which the Company or any of its Subsidiaries has any actual, contingent, or potential liability.

**“Environmental Laws”** means all Laws and agreements with Governmental Entities and all other statutory requirements relating to public health and safety, noise control, pollution, reclamation or the protection of the environment or to the generation, production, installation, use, storage, treatment, transportation, Release or threatened Release of Hazardous Substances (including in sewer systems), including civil responsibility for acts or omissions with respect to the environment, and all Authorizations issued pursuant to such Laws, agreements or other statutory requirements.

**“Fairness Opinion”** means the opinion of the Financial Advisor to the effect that, as of the date of this Agreement, the Consideration to be received by the Shareholders is fair, from a financial point of view, to such holders.

**“ERISA”** means the United States Employee Retirement Income Security Act of 1974, as amended.

**“Final Order”** means the final order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

**“Financial Advisor”** means Stifel Canada.

**“Governmental Entity”** means: (i) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public body, authority, department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, minister, ministry, governor in council, cabinet, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the above; (iii) any quasi-governmental, administrative or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (iv) any stock exchange.

**“Hazardous Substances”** means any element, waste or other substance, whether natural or artificial and whether consisting of gas, liquid, solid or vapour that is regulated, prohibited, listed, defined, judicially interpreted, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a waste, pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor, asbestos or asbestos-containing materials, polychlorinated biphenyls, urea formaldehyde, per- and polyfluoroalkyl substances, or any substance which is deemed under Environmental Laws to be deleterious to natural resources or worker or public health and safety or having a significant adverse effect upon the environment or human life or health.

**“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee in effect at the relevant time, applied on a consistent basis.

**“Imaflex USA 401(k) Plan”** has the meaning ascribed thereto in Section 4.2(5).

**“Intellectual Property”** means all proprietary rights provided in Law and at equity recognized under the Law of any jurisdiction in the world, whether under common law, by statute or otherwise, to all: (i) trademarks, service marks, trade dresses, logos, designs and slogans whether in word, mark, stylized or design format, registered and unregistered, throughout the world, registrations and applications, for registration of, and renewals and extensions of, any of the foregoing, and any associated goodwill; (ii) patents and patent applications (respectively issued or filed throughout the world), as well as any re-examinations, extensions, and reissues thereof and any provisionals, divisionals,

continuations, continuation-in-parts, reissues, re-examinations, extensions thereof and any other applications or patents that claim priority from such patents and applications; (iii) copyrights, mask work rights, design rights, all whether registered and unregistered, and registrations and applications for registration of, and all renewals and extensions of, any of the foregoing and all rights, claims and privileges pertaining thereto, including moral rights and the benefit of any waivers of moral rights, software and documentation therefor; (iv) inventions (whether or not patentable), formulas, processes, invention disclosures, technology, technical data, preclinical and clinical data and results or information; (v) all industrial designs, trade secrets, domain names, know-how, concepts and information; (vi) other intellectual and industrial property and other proprietary information, patterns, plans, designs, research data, other proprietary know-how, processes, drawings, technology, inventions, formulae, specifications, performance data, quality control information, blue prints, construction plans, flow sheets, equipment and parts lists, instructions, manuals, records and procedures and (vii) all rights to sue and collect damages for past, present and future infringement of and other violations of any of the foregoing.

**“Interim Financial Statements”** means the unaudited consolidated interim financial statements of the Company as at and for the three and nine month periods ended September 30, 2025.

**“Interim Order”** means the interim order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

**“International Trade Laws”** means all Laws of Canada or any foreign Governmental Entity relating to the importation or exportation of goods, the payment of customs duties, tariffs, taxes and surtaxes on imported or exported goods, import and export controls, the tariff classification, valuation and origin of imported goods, special measures and safeguards (including antidumping and countervailing measures), International Trade Permits, tariff rate quotas and related allocations and permits, declarations or certificates of origin and other similar documents issued pursuant to applicable free trade agreements, the examination, possession or transfer of controlled goods, the in-transit movement and cross-border transportation and storage of goods, the terms and conduct of international transactions and making or receiving international payments, including the *Customs Act* (Canada), the *Customs Tariff* (Canada), the *Export and Import Permits Act* (Canada), the *Export Control List* (Canada), the *Import Control List* (Canada), the *Special Import Measures Act* (Canada), the *Defence Production Act* (Canada), and the regulations thereunder, and any applicable Laws that (a) control, prohibit or regulate the importation or exportation of goods, (b) ensure payment of duties, taxes, tariffs, surtaxes or other charges upon importation or exportation of goods, or (c) control or regulate the cross-border movement/transportation or in-transit movement of any goods.

**“International Trade Permits”** means any Authorization issued pursuant to any applicable International Trade Laws or Sanctions.

**“Law”** means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, Authorization, rule, regulation, by-law, order, injunction, judgment, decision, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a

Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law or are applied by a Governmental Entity as if having the force of law, policies, guidelines, instruments, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise.

**"Leased Company Real Property"** has the meaning ascribed thereto in Paragraph 20(a) of Schedule "C".

**"Lien"** means any mortgage, charge, pledge, encumbrance, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, restriction or adverse right or claim or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

**"Licensed Intellectual Property"** means all Intellectual Property used, or held for use, in the Business that is not Company Intellectual Property.

**"Matching Period"** has the meaning ascribed thereto in Section 5.4(1)(e).

**"Material Adverse Effect"** means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with such other changes, events, occurrences, effects, state of facts or circumstances, is or could reasonably be expected to be, material and adverse to the business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise) or prospects of the Company and its Subsidiaries, on a consolidated basis, but excluding any change, event, occurrence, effect, state of facts or circumstance resulting from:

- (i) any change, development, condition or event affecting the industries in which the Company or any of its Subsidiaries operate;
- (ii) any change in global, national or regional political conditions or in general economic, business, regulatory or market conditions or in national or global financial or capital markets;
- (iii) any natural disaster;
- (iv) any epidemic, pandemic or disease outbreak;
- (v) any change in Law or IFRS or in the interpretation or application of any Laws by any Governmental Entity;
- (vi) any action taken (or omitted to be taken) by the Company or any of its Subsidiaries that is consented to in writing by the Purchaser;
- (vii) any action taken (or omitted to be taken) by the Company or any of its Subsidiaries upon the express written request of the Purchaser;
- (viii) the failure of the Company to meet any internal, third party or public projections, forecasts, guidance or estimates of revenues or earnings or other financial metrics

(it being understood that the causes underlying any such failure may be taken into account in determining whether a Material Adverse Effect has occurred); or

- (ix) any change in the market price or trading volume of any securities of the Company (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred);

provided, however, that with respect to clauses (i) through to and including (v) above, such matter does not have, or could not reasonably be expected to have, a materially disproportionate effect on the Company and its Subsidiaries, on a consolidated basis, relative to other comparable companies and entities operating in the industries in which the Company and its Subsidiaries operate, and unless expressly provided in any particular section of this Agreement, references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a "Material Adverse Effect" has occurred.

**"Material Contract"** means any Contract of the Company or its Subsidiaries:

- (i) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect;
- (ii) that is with respect to a lease, the termination of which would be material to the Company and its Subsidiaries, including the Company Leases;
- (iii) that is a partnership agreement, shareholder agreement, limited liability company agreement, joint venture agreement or similar agreement or arrangement, relating to the formation, creation or operation of any partnership, limited liability company, joint venture or other entity in which the Company or any of its Subsidiaries is a partner, member or joint venturer (or other participant);
- (iv) (a) under which indebtedness in excess of \$50,000 is or may become outstanding; (b) pursuant to which the Company or any of its Subsidiaries has guaranteed any liabilities or obligations of another Person in excess of \$50,000; or (c) pursuant to which the Company or any of its Subsidiaries has lent money to another Person in excess of \$50,000;
- (v) restricting the incurrence of indebtedness by the Company or any of its Subsidiaries (including by requiring the granting of any Lien) or the incurrence of any Liens on any assets of the Company and its Subsidiaries, or restricting the payment of dividends by the Company or any of its Subsidiaries;
- (vi) (a) other than as set out in (ii) above and Contracts with Material Suppliers, under which the Company and its Subsidiaries made payments in excess of \$100,000 during the 12-month period ended June 30, 2025 or under which the Company and its Subsidiaries are obligated to make payments in excess of \$100,000 over its remaining term, and (b) solely in respect of Contracts with Material Suppliers, under which the Company and its Subsidiaries made payments in excess of \$100,000 during the 12-month period ended June 30, 2025 or under which the Company and its Subsidiaries are obligated to make payments in excess of \$100,000 over its remaining term;

- (vii) (a) other than Contracts with Material Customers, under which the Company and its Subsidiaries received payments in excess of \$100,000 during the 12-month period ended June 30, 2025 or under which the Company and its Subsidiaries expect to receive payments in excess of \$100,000 over its remaining term, and (b) solely in respect of Contracts with Material Customers, under which the Company and its Subsidiaries received payments in excess of \$100,000 during the 12-month period ended June 30, 2025 or under which the Company and its Subsidiaries expect to receive payments in excess of \$100,000 over its remaining term;
- (viii) that creates an exclusive business relationship with any other Person or grants a right of first offer or refusal or similar rights or terms to any Person;
- (ix) that provides another Person the right to acquire or provide a set quantity or volume of products or services from or to the Company or any of its Subsidiaries or under which the Company or any of its Subsidiaries has provided a most-favoured nation or similar right to another Person;
- (x) that contains any exclusivity, non-competition or non-solicitation obligations of the Company or any of its Subsidiaries or grants “most-favoured nation” or similar rights;
- (xi) that limits or restricts in any respect: (a) any business practice of the Company or any of its Subsidiaries; (b) the ability of the Company or any of its Subsidiaries to engage in any line of business or carry on business in any geographic area; or (c) the scope of Persons to whom the Company or any of its Subsidiaries may sell assets, products or inventory to or acquire assets, products or inventory from or deliver services to or contract with for services;
- (xii) that provides for the indemnification by the Company or any of its Subsidiaries of any Person or the assumption of any Tax, environmental or other liability of any Person (other than customary indemnification arrangements of directors of the Company and its Subsidiaries and Company Employees);
- (xiii) that is a Collective Agreement;
- (xiv) relating to any litigation or settlement thereof which does or could have actual or contingent obligations or entitlement of the Company or any of its Subsidiaries in excess of \$50,000 and which have not been fully satisfied prior to the date of this Agreement;
- (xv) providing for the acquisition or disposition by the Company or any of its Subsidiaries of any business, division or product line (whether by merger, amalgamation, sale of shares, sale of assets or otherwise) or capital stock or other equity interests of any other Person, in each case, pursuant to which any obligations of the Company or any of its Subsidiaries remain outstanding;
- (xvi) for any capital expenditure or commitment to do so which individually or in the aggregate exceeds \$100,000;
- (xvii) relating to any interest rate, currency, commodity or hedging, swap, derivative or forward sale transactions which individually or in the aggregate exceeds \$100,000;

- (xviii) that is for the employment or engagement of any current Company Employees with an annual base compensation in excess of \$150,000 or providing severance, termination notice, payment in lieu of notice or other termination payments, change of control payments, retention payments, or any other payments that could be triggered by the Arrangement, other than such as results by Law from the employment of an employee without an agreement as to notice, an indemnity in lieu of notice, termination pay or severance pay or relating to loans to any Company Employees;
- (xix) that requires the consent of any counterparty thereto as a result of, or in order to consummate, the Arrangement;
- (xx) that was made outside the Ordinary Course; or
- (xxi) that is with any current or former director of the Company or any of its Subsidiaries or any current or former Company Employee or any of their respective associates or affiliates (other than employment contracts) or any Person that owns or formerly owned 10% or more of the outstanding Shares or with any such Person's associates or affiliates (other than the Company Leases).

**“Material Customers”** means the customers listed in Appendix 17(vi) of the Company Disclosure Letter.

**“Material Suppliers”** means the suppliers listed in Appendix 17(vii) of the Company Disclosure Letter.

**“Misrepresentation”** has the meaning ascribed thereto under Securities Laws.

**“Money Laundering Laws”** has the meaning ascribed thereto in Paragraph 29 of Schedule “C”.

**“Officer”** has the meaning ascribed thereto in the *Securities Act* (Québec).

**“Ordinary Course”** means, with respect to an action taken by the Company or its Subsidiaries, that such action is consistent with the past practices of the Company and its Subsidiaries and is taken in the ordinary course of the normal day-to-day operations of the business of the Company and its Subsidiaries and it not otherwise material and adverse to the Company and its Subsidiaries.

**“Outside Date”** means May 15, 2026, or such later date as may be agreed to in writing by the Parties.

**“Owned Company Real Property”** has the meaning ascribed thereto in Paragraph 20(a) of Schedule “C”.

**“Parent”** has the meaning ascribed thereto in the preamble hereto.

**“Parties”** means, collectively, the Company, the Purchaser and the Parent and **“Party”** means any one of them.

**“Permitted Contest”** means any action taken by the Company or any of its Subsidiaries in good faith by appropriate proceedings diligently pursued to contest any Taxes, claims or Liens, provided that (i) the Company has established adequate reserves therefor in accordance with IFRS, (ii) proceeding with such contest would not reasonably be expected to have a Material Adverse Effect, and (iii) proceeding with such contest would not create a material risk of loss of, or interference with the use or operation of, a material part of the assets of the Company and its Subsidiaries.

**“Permitted Liens”** means, in respect of the Company or any of its Subsidiaries, each of the following Liens:

- (i) Liens for Taxes which are not delinquent or that are the subject of a Permitted Contest;
- (ii) Liens of contractors, subcontractors, mechanics, materialmen, carriers, workmen, suppliers, warehousemen, repairmen and similar Liens granted or which arise in the Ordinary Course;
- (iii) Liens arising under or in connection with zoning, building codes and other land use Laws regarding the use or occupancy of real property or the activities conducted thereon which are imposed by any Governmental Entity having jurisdiction over any Company Real Property;
- (iv) the right reserved to or vested in any Governmental Entity by any statutory provision or by the express terms of any lease, license, franchise, grant, Authorization or permit of the Company or any of its Subsidiaries, to terminate any such lease, license, franchise, grant, Authorization or permit, or to require annual or other payments as a condition of their continuance, provided that such rights do not materially and adversely affect the Company’s or its Subsidiaries’ ability to use or operate the relevant asset in the Ordinary Course;
- (v) easements, rights-of-way, encroachments, restrictions, covenants, conditions and other similar matters that, individually or in the aggregate, do not materially and adversely impact the Company’s and its Subsidiaries’ current or contemplated use, occupancy, utility or value of the applicable real property;
- (vi) Liens granted under the Credit Facility; and
- (vii) Liens listed in Section 1.1 of the Company Disclosure Letter.

**“Person”** includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including a Governmental Entity), syndicate or other entity, whether or not having legal status.

**“Personal Information”** means any information which relates to a natural person and directly or indirectly allows that person to be identified or that otherwise constitutes personal information, personal data under Law applicable to the Company or its Subsidiaries.

**“Plan of Arrangement”** means the plan of arrangement, substantially in the form set out in Schedule “A”, subject to any amendments or variations to such plan made in

accordance with this Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

**“Pre-Acquisition Reorganization”** has the meaning ascribed thereto in Section 4.6(1).

**“Purchaser”** has the meaning ascribed thereto in the preamble hereto.

**“Purchaser 401(k) Plan”** has the meaning ascribed thereto in Section 4.2(5).

**“Purchaser Reimbursement Payment”** has the meaning ascribed thereto in Section 8.2(5).

**“Purchaser Related Parties”** has the meaning ascribed thereto in Section 8.2(8).

**“Registered Intellectual Property”** means all Intellectual Property that is the subject of a registration (or an application for registration), including domain names and social media accounts and identifiers.

**“Regulation 61-101”** means *Regulation 61-101 respecting Protection of Minority Shareholders in Special Transactions*.

**“Regulatory Approvals”** means any consent, waiver, permit, license, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case in connection with the Arrangement (including, for greater certainty, in connection with a change of control of the Company or any of its Subsidiaries whether directly or indirectly or in connection with any of the Company’s or its Subsidiaries’ Authorizations).

**“Release”** has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the environment.

**“Representatives”** has the meaning ascribed thereto in Section 5.1(1).

**“Required Consents”** means those consents set forth in Section 1.1 of the Company Disclosure Letter.

**“Required Shareholder Approval”** means the requisite approval for the Arrangement Resolution by Shareholders shall be (i) 66  $\frac{2}{3}$ % of the votes cast by the Shareholders present virtually or by proxy at the Company Meeting; and (ii) a simple majority of the votes cast by the Shareholders present virtually or by proxy at the Company Meeting, excluding any votes cast by Shareholders whose votes must be excluded in accordance with Regulation 61-101.

**“Reverse Termination Fee”** has the meaning ascribed thereto in Section 8.2(4).

**“Reverse Termination Fee Event”** has the meaning ascribed thereto in Section 8.2(4).

**“Sanctioned Country”** means any country, territory or region that is, or has been the subject or target of a comprehensive trade embargo or other similar country-wide or territory-wide sanctions under Sanctions (including as of the date hereof, Iran, North Korea, Sudan, Syria and the following regions of Ukraine: (1) Donetsk, (2) Luhansk, (3) Kherson oblast, (4) Zaporizhzhia oblast, and (5) Crimea).

**“Sanctioned Person”** means, at any time, any Person that is the subject or target of Sanctions or restrictions under Sanctions or other applicable International Trade Laws, including: (i) any individual listed on any Canadian or other foreign Sanctions-related list of designated Persons maintained by any relevant sanction authority, in Canada or elsewhere, such as Global Affairs Canada, Public Safety Canada, and the United Nations Security Council, (ii) any Person listed on any applicable U.S. or non-U.S. sanctions- or export-related restricted party list, including, but not limited to, the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), and the Entity List maintained by the U.S. Department of Commerce; (iii) any Person operating, organized, incorporated, with a primary place of business or ordinarily resident in a Sanctioned Country, or (iv) any Person that is, in the aggregate, fifty percent (50%) or more owned, directly or indirectly, or otherwise controlled by a Person or Persons described in clauses (i)-(iii) above as determined by applicable Law.

**“Sanctions”** means all applicable Laws relating to economic or financial sanctions, trade restrictions, asset freezes, trade embargoes, or blocking and anti-boycott measures, administered or enforced by (i) the government of Canada, including the *Special Economic Measures Act* (Canada), the *United Nations Act* (Canada), the *Freezing Assets of Corrupt Foreign Officials Act* (Canada), the anti-terrorism provisions of the *Criminal Code* (Canada), the *Foreign Extraterritorial Measures Act* (Canada), the *Justice for Victims of Corrupt Foreign Officials Act* (Sergei Magnitsky Law) (Canada), and all regulations, schedules, orders or lists made or enacted pursuant to any of the foregoing, (ii) all applicable U.S. Laws, regulations, embargoes or restrictive measures relating to economic or trade sanctions, including the Laws administered or enforced by OFAC, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council or (iii) any other applicable foreign Governmental Entity in any country or territory having jurisdiction over the Company.

**“Securities Authority”** means the Autorité des marchés financiers (Québec) and any other applicable securities commissions or securities regulatory authority of a province or territory of Canada.

**“Security Breach”** means any (i) security breach or breach of Personal Information under applicable Data Security and Privacy Requirements or any unauthorized access, acquisition, use, disclosure, modification, deletion, or destruction of Personal Information or the Company’s or its Subsidiaries’ own confidential information; or (ii) unauthorized interference with system operations or security safeguards of the Company’s or its Subsidiaries’ information systems, including any phishing incident or ransomware attack.

**“Securities Laws”** means the *Securities Act* (Québec) and any other applicable Canadian provincial and territorial securities Laws, rules and regulations and published policies thereunder.

**“SEDAR+”** means the System for Electronic Document Analysis and Retrieval+.

**“Shareholders”** means the registered and/or beneficial holders of the Shares, as the context requires.

**“Shares”** means the common shares in the capital of the Company and includes, for greater certainty, any Shares issued upon the valid exercise of Company Options.

**“Special Committee”** means the special committee of independent members of the Board formed in relation to the proposal to effect the transactions contemplated by this Agreement.

**“Stock Option Plan”** means the Stock Option Plan of the Company adopted as of May 10, 2017.

**“Subsidiary”** has the meaning ascribed thereto in the *Securities Act* (Québec).

**“Superior Proposal”** means any unsolicited *bona fide* written Acquisition Proposal from a Person who is an arm’s length third party, made after the date of this Agreement, to acquire not less than all of the outstanding Shares or all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis that:

- (i) complies with Securities Laws and did not result from or involve a breach of this Agreement, the exclusivity provisions of the Confidentiality Agreement or any other agreement between the Person making the Acquisition Proposal and the Company or any of its Subsidiaries;
- (ii) is reasonably capable of being completed without undue delay relative to the Arrangement, taking into account, all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal;
- (iii) is not subject to any financing condition and in respect of which adequate arrangements have been made to ensure that the required consideration will be available to effect payment in full for all of the Shares or assets, as the case may be;
- (iv) is not subject to any access or due diligence condition; and
- (v) the Board determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to the Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(2)).

**“Superior Proposal Notice”** has the meaning ascribed thereto in Section 5.4(1)(c).

**“Supporting Shareholders”** means each of those persons set out in Section 1.1 of the Company Disclosure Letter.

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

**“Tax Returns”** means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

**“Taxes”** means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, unclaimed or abandoned property, escheat, health, employee health, payroll, workers’ compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, tariffs, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions and any deemed overpayment of Taxes or obligation to repay an amount in respect of COVID-19 Subsidies; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); and (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party or otherwise pursuant to Contract or Law.

**“Technology”** has the meaning ascribed thereto in Paragraph 20(e) of Schedule “C”.

**“Terminating Party”** has the meaning ascribed thereto in Section 4.9(3).

**“Termination Fee”** has the meaning ascribed thereto in Section 8.2(2).

**“Termination Fee Event”** has the meaning ascribed thereto in Section 8.2(2).

**“Termination Notice”** has the meaning ascribed thereto in Section 4.9(3).

**“Third Party Beneficiaries”** has the meaning ascribed thereto in Section 8.6(1).

**“TSX-V”** means the TSX Venture Exchange.

**“Unauthorized Code”** means any virus, trojan horse, worm, time bomb, vulnerability, key-lock, back door, drop dead device, spyware, adware (as such terms are commonly understood in the software industry) or other code, software routines or hardware components designed or intended to have any of the following functions: (i) disrupting, disabling, harming, or otherwise impeding in any manner the operation of, or providing unauthorized access to, a computer system or network or other device on which such code is stored or installed; or (ii) compromising the privacy or data security of a user or damaging or destroying any data or file without the user’s consent.

**“U.S. Tariffs”** means any tariff, customs duty, anti-dumping duty or countervailing duty imposed by the Government of the United States upon the importation into the United States of any product of Canada in connection with the Canada-United States Trade Dispute.

**“Voting and Support Agreements”** means, collectively, the voting and support agreements dated the date hereof between the Purchaser and each of the Supporting Shareholders.

**“wilful breach”** means a material breach that is a consequence of an act undertaken or a failure to act undertaken by the breaching Party with the actual knowledge that such act or failure to act would, or would be reasonably expected to, directly or indirectly, cause a material breach of this Agreement.

## **Section 1.2 Certain Rules of Interpretation**

In this Agreement, unless otherwise specified:

- (a) **Headings, etc.** The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.
- (b) **Currency.** All references to dollars or to \$ are references to Canadian dollars, unless specified otherwise.
- (c) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (d) **Certain Phrases, etc.** The words (i) “including”, “includes” and “include” mean “including (or includes or include) without limitation,” (ii) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of,” and (iii) unless stated otherwise, “Article”, “Section”, and “Schedule” followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term “Agreement” and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it. The term “made available” means copies of the subject materials were included in the Data Room.
- (e) **Interpretation in Quebec.** For purposes of any assets, liabilities, entities or Persons located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Agreement may be subject to the laws of the Province of Québec or a Governmental Entity exercising jurisdiction in the Province of Québec, and irrespective as to whether such terms or capitalized or not capitalized (a) “personal property” shall include “movable property”, (b) “real property” or “real estate” shall include “immovable property”, (c) “tangible property” shall include “corporeal property”, (d) “intangible property” shall include “incorporeal property”, (e) “security interest”, “mortgage” and “lien” shall include a

“hypotheч”, “right of retention”, “prior claim and a resolatory clause”, (f) any “right of offset”, “right of setoff” or similar expression shall include a “right of compensation”, (g) “goods” shall include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, (h) an “agent” shall include a “mandatary”, (i) “construction liens” shall include “legal hypothecs”; (j) “joint and several” shall include “solidarily”; (k) “gross negligence or willful misconduct” shall be deemed to be “intentional or gross fault”; (l) “beneficial ownership” shall include “ownership on behalf of another as mandatary”; (m) “easement” shall include “servitude”; (n) “priority” shall include “prior claim”; (o) “state” shall include “province”; (p) “fee simple title” shall include “absolute ownership” (q) “accounts” shall include “claims”, and (r) “tort” shall include “extra-contractual liability”.

- (f) **Capitalized Terms.** All capitalized terms used in any Schedule or in the Company Disclosure Letter have the meanings ascribed to them in this Agreement.
- (g) **Knowledge.** Where any representation or warranty is expressly qualified by reference to the knowledge of the Company, it is deemed to refer to the actual knowledge of each of Joseph Abbandonato (Executive Chairman of the Board), Stephan Yazedjian (President & Chief Executive Officer), Robert Therrien (Head of Finance), John Ripplinger (Vice President Corporate Affairs), Gerry Phelps (Vice President of Operations), and Tony Abbandonato (Vice President Sales and Secretary of Corporation) after due and diligent inquiry.
- (h) **Accounting Terms.** All accounting terms are to be interpreted in accordance with IFRS and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with IFRS.
- (i) **Statutes.** Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (j) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (k) **Time References.** References to time are to local time, Montreal, Québec.
- (l) **Schedules.** The schedules attached to this Agreement and the Company Disclosure Letter form an integral part of this Agreement for all purposes of it. The Company Disclosure Letter and all information contained in it is confidential information and may not be disclosed except in accordance with the terms of the Confidentiality Agreement.
- (m) **Subsidiaries.** To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of the Company, each such provision shall be construed

as a covenant by the Company to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

## **ARTICLE 2 THE ARRANGEMENT**

### **Section 2.1 Arrangement**

The Company and the Purchaser agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

### **Section 2.2 Interim Order**

As soon as reasonably practicable after the date of this Agreement, but in any event in sufficient time to permit the Meeting to be convened in accordance with Section 2.3(a), the Company shall apply in a manner reasonably acceptable to both the Company and the Purchaser pursuant to Section 192 of the CBCA and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, which must provide, among other things:

- (a) for the classes of persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;
- (b) that the required level of approval for the Arrangement Resolution shall be: (i) two-thirds of the votes cast on such resolution by Shareholders present in person or represented by proxy at the Company Meeting; and (ii) if applicable, a simple majority of the votes cast on the Arrangement Resolution by the Company Shareholders present in person or represented by proxy at the Company Meeting, excluding for this purpose votes cast in respect of Shares that are held or controlled by persons described in items (a) through (d) of Section 8.1(2) of Regulation 61-101;
- (c) that, in all other respects, the terms, restrictions and conditions of the Company's Constating Documents, including quorum requirements and all other matters, shall apply in respect of the Company Meeting;
- (d) for the grant of Dissent Rights to those Shareholders who are registered Shareholders as contemplated in the Plan of Arrangement;
- (e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (f) that the Company Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval of the Court;
- (g) that the record date for the Shareholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment(s) of the Company Meeting, unless required by Law; and

- (h) for such other matters as the Purchaser may reasonably require, subject to obtaining the prior consent of the Company, such consent not to be unreasonably withheld, conditioned or delayed.

### **Section 2.3 The Company Meeting**

The Company shall:

- (a) convene and conduct the Company Meeting in accordance with the Interim Order, the Company's Constituting Documents and Law as soon as reasonably practicable (and in any event on or before February 20, 2026), and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Company Meeting without the prior written consent of the Purchaser: (i) except as required or permitted under Section 4.9(3) or Section 5.4(5); (ii) except as required for quorum purposes (in which case, the Company Meeting shall be adjourned and not cancelled); or (iii) except as required by Law or by a Governmental Entity;
- (b) use commercially reasonable effort to solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, including, if so requested by the Purchaser, and at the expense of the Purchaser, using dealer and proxy solicitation services firms and cooperating with any Persons engaged by the Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution, provided that, the Company shall not be required to continue to solicit proxies from the Shareholders in favour of the approval of the Arrangement Resolution, or take any other actions under this Section 2.3(b), if a Change in Recommendation has been made in accordance with this Agreement;
- (c) promptly provide the Purchaser with copies of or timely access to information regarding the Company Meeting generated by any transfer agent, dealer or proxy solicitation services firm retained by the Company, as requested from time to time by the Purchaser;
- (d) permit the Purchaser, at the expense of the Purchaser, to, directly or through a dealer or proxy solicitation services firm, actively solicit proxies in favour of the Arrangement Resolution on behalf of management of the Company in compliance with Law and disclose in the Company Circular that the Purchaser may make such solicitations;
- (e) fix the record date for the Company Meeting and the date of the Company Meeting, in each case, as agreed to between the Company and the Purchaser, each acting reasonably and consistent with the terms of this Agreement;
- (f) give notice to the Purchaser of the Company Meeting and allow the Purchaser and its representatives and legal counsel to attend the Company Meeting;
- (g) promptly advise the Purchaser, at such times as the Purchaser may reasonably request and at least on a daily basis on each of the last 10 Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received

by the Company in respect of the Arrangement Resolution, including the manner in which such proxies have been voted;

- (h) promptly advise the Purchaser of any communication (written or oral) from or claims brought by (or threatened to be brought by) any Person in opposition to the Arrangement and any exercise or purported exercise or withdrawal of Dissent Rights by Shareholders and provide the Purchaser with an opportunity to review and comment upon any written communications sent by or on behalf of the Company to any such Person and to participate in any discussions, negotiations or proceedings involving any such Person;
- (i) not, without the prior written consent of the Purchaser, waive the deadline for the submission of proxies by Shareholders for the Company Meeting;
- (j) not make any payment or settlement offer, or agree to any payment or settlement prior to the Effective Time with respect to any claims regarding the Arrangement or Dissent Rights without the prior written consent of the Purchaser;
- (k) not change the record date for the Shareholders entitled to vote at the Company Meeting in connection with any adjournment or postponement of the Company Meeting unless required by Law or as otherwise contemplated under the terms of this Agreement; and
- (l) notwithstanding the receipt by the Company of a Superior Proposal in accordance with Article 5, and regardless of whether there has been a Change in Recommendation, unless otherwise agreed to in writing by the Purchaser, continue to take all steps necessary to hold the Company Meeting and to cause the Arrangement to be voted on at the Company Meeting and not propose to adjourn or postpone the Company Meeting other than as permitted or required by Section 2.3(a).

#### **Section 2.4 The Company Circular**

- (1) The Company shall promptly prepare and complete, in consultation with the Purchaser and its legal counsel, the Company Circular together with any other documents required by Law and the Interim Order in connection with the Company Meeting and the Arrangement, and the Company shall, promptly after obtaining the Interim Order, cause the Company Circular and such other documents to be filed and sent to each Shareholder and other Persons as required by the Interim Order and Law, in each case so as to permit the Company Meeting to be held by the date specified in Section 2.3(a).
- (2) The Company shall ensure that the Company Circular complies in all material respects with Law and the Interim Order, does not contain any Misrepresentation (provided that the Company shall not be responsible for the accuracy of any information furnished by the Purchaser in writing specifically for purposes of inclusion in the Company Circular pursuant to Section 2.4(4)) and provides the Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Company Meeting. Without limiting the generality of the foregoing, the Company Circular must include: (i) a copy of the Fairness Opinion; (ii) a statement that the Special Committee and the Board have received the Fairness Opinion and, upon the unanimous recommendation of the Special Committee, has unanimously determined, after receiving

legal and financial advice, that (a) the Arrangement is fair to the Shareholders, (b) the Arrangement and the entering into of this Agreement is in the best interests of the Company and (c) the Board unanimously recommends that the Shareholders vote in favour of the Arrangement Resolution (the “**Board Recommendation**”); and (iii) a statement that each of the Supporting Shareholders have entered into Voting and Support Agreements pursuant to which they intend to vote all of their Shares in favour of the Arrangement Resolution.

- (3) The Company shall give the Purchaser and its legal counsel a reasonable opportunity to review and comment on drafts of the Company Circular and other related documents, and shall give reasonable consideration to any comments made by the Purchaser and its legal counsel, and agrees that all information relating solely to the Purchaser, Parent and their affiliates for inclusion in the Company Circular and any information describing the terms of the Arrangement, the Plan of Arrangement and this Agreement must be in a form and content satisfactory to the Purchaser acting reasonably. The Company shall provide the Purchaser with a final copy of the Company Circular prior to its filing and its mailing to the Shareholders and other Persons.
- (4) The Purchaser shall provide to the Company in writing, on a timely basis, all necessary information concerning the Purchaser, Parent and their affiliates that is required by Law to be included by the Company in the Company Circular and which is requested in writing by the Company, and the Purchaser shall ensure that such information does not contain any Misrepresentation.
- (5) Each Party shall promptly notify the other Party if it becomes aware that the Company Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall, in a manner consistent with this Section 2.4, cooperate in the preparation of any such amendment or supplement as required or appropriate, and the Company shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Shareholders and, if required by the Court or by Law, file the same with the Securities Authorities or any other Governmental Entity.
- (6) The Company shall promptly notify the Purchaser upon the receipt of any correspondence with respect to the Company Circular, the Company Meeting or the Arrangement, whether written or oral, from any Securities Authority or the staff of a Securities Authority or any request from any Securities Authority or the staff of a Securities Authority for information related to the Company Circular, the Company Meeting or the Arrangement or amendments or supplements to the Company Circular, and shall promptly provide the Purchaser with copies of all correspondence between the Company and its Representatives, on the one hand, and any Securities Authority or the staff of a Securities Authority, on the other hand. The Company shall respond as promptly as reasonably practicable to any correspondence with respect to the Company Circular, the Company Meeting or the Arrangement from any Securities Authority or the staff of a Securities Authority, and shall give the Purchaser and its legal counsel a reasonable opportunity to review and comment on any such response prior to submitting it to any Securities Authority or the staff of a Securities Authority, and shall give reasonable consideration to any comments made thereon by the Purchaser and its legal counsel.

## **Section 2.5 Final Order**

If the Interim Order is obtained and the Arrangement Resolution is passed at the Company Meeting as provided for in the Interim Order, the Company shall, in consultation with the Purchaser and its legal counsel, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 192 of the CBCA, as soon as reasonably practicable, but in any event not later than three Business Days after the Arrangement Resolution is passed at the Company Meeting, or such other date as may be agreed to by the Parties in writing.

## **Section 2.6 Court Proceedings**

In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, the Company shall:

- (a) diligently pursue, and cooperate with the Purchaser and its legal counsel, in diligently pursuing, the Interim Order and the Final Order;
- (b) provide the Purchaser and its legal counsel with reasonable opportunity to review and comment upon drafts of all materials to be filed with the Court in connection with the Arrangement, prior to the service and filing of such materials, and give reasonable consideration to all such comments and will accept the reasonable comments of the Purchaser and its legal counsel with respect to any information required to be supplied by the Purchaser and included in such materials;
- (c) provide legal counsel to the Purchaser with copies of any notice of appearance, evidence or other documents served on the Company or its legal counsel in respect of the application for the Interim Order or Final Order or any appeal from them, and any notice, written or oral, indicating the intention of any Person to appeal or oppose the granting of, the Interim Order or the Final Order;
- (d) ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement;
- (e) not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with the Purchaser's prior written consent not to be unreasonably withheld, conditioned or delayed, provided that neither the Purchaser nor the Parent is required to agree or consent to any increase in the Consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser or the Parent's obligations or diminishes or limits the Purchaser or the Parent's rights, set forth in this Agreement or in any of such filed or served materials;
- (f) oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, do so only after notice to, and in consultation and cooperation with, the Purchaser and its legal counsel; and

- (g) not object to legal counsel to the Purchaser making such submissions on the application for the Interim Order and the Final Order as such counsel considers appropriate, acting reasonably.

## **Section 2.7 Articles of Arrangement and Effective Date**

- (1) The Articles of Arrangement shall implement the Plan of Arrangement. The Articles of Arrangement shall include the Plan of Arrangement, as it may be amended from time to time in accordance with this Agreement.
- (2) Unless another time or date is agreed to in writing by the Parties, the Company shall send the Articles of Arrangement to the Director on the fifth Business Day after the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 6 (excluding conditions that, by their terms, are to be satisfied on the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date).
- (3) The closing of the Arrangement (the “**Closing**”) will take place remotely by exchange of documents and signatures (or their electronic counterparts), unless another place is agreed to in writing by the Parties hereto.

## **Section 2.8 Payment of Consideration**

The Purchaser shall, by no later than immediately prior to the sending by the Company of the Articles of Arrangement to the Director in accordance with Section 2.7(2), provide the Depositary with sufficient immediately available funds to be held in escrow (the terms and conditions of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably) to satisfy the aggregate consideration payable by the Purchaser to Shareholders pursuant to the Plan of Arrangement.

## **Section 2.9 Adjustment to Consideration**

If, on or after the date of this Agreement, the Company sets a record date for any dividend or other distribution on the Shares that is prior to the Effective Date or the Company pays any dividend or other distribution on the Shares prior to the Effective Time, then, and without limitation to any other rights of the Purchaser and the Parent under this Agreement: (i) to the extent that the amount of such dividends or distributions per Share does not exceed the Consideration, the Consideration shall be reduced by the amount of such dividends or distributions; and (ii) to the extent that the amount of such dividends or distributions per Share exceeds the Consideration, such excess amount shall be placed in escrow for the account of the Purchaser or another Person designated by the Purchaser.

## **Section 2.10 Withholding Taxes**

The Purchaser, the Company and the Depositary, as applicable, shall be entitled to deduct and withhold from any amount otherwise payable or deliverable to any Person under the Plan of Arrangement such amounts as the Purchaser, the Company or the Depositary, as applicable, are required to deduct and withhold, or reasonably believe to be required to deduct and withhold, from such amount otherwise payable or deliverable under any provision of any Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted to the appropriate

Governmental Entity, such amounts shall be treated for all purposes under this Agreement and the Plan of Arrangement as having been paid to the Person to whom such amounts would otherwise have been paid.

### **Section 2.11 List of Shareholders**

At the reasonable request of the Purchaser from time to time, the Company shall, as soon as reasonably practicable, provide the Purchaser with a list (in both written and electronic form) of: (i) the registered Shareholders, together with their addresses and respective holdings of Shares; (ii) the names, addresses and holdings of all Persons having rights issued by the Company to acquire Common Shares (including holders of Company Options); and (iii) participants and book-based nominee registrants such as CDS & Co., CEDE & Co. and DTC and non-objecting beneficial owners of Shares, together with their addresses and respective holdings of Shares. The Company shall from time to time require that its registrar and transfer agent furnish the Purchaser with such additional information, including updated or additional lists of holders of securities of the Company and other assistance as the Purchaser may reasonably request from time to time.

### **Section 2.12 Stock Option Plan Matters**

- (1) The Parties acknowledge that the outstanding Company Options under the Stock Option Plan shall be treated in accordance with the provisions of the Plan of Arrangement.
- (2) The Parties acknowledge that, in respect of any amounts paid to a holder of Company Options in respect of the Company Options pursuant to the Plan of Arrangement who is a resident of Canada or who is or was employed in Canada (both within the meaning of the Tax Act) and would otherwise be entitled to claim the deduction under paragraph 110(1)(d) of the Tax Act in respect of such Company Options if such Company Options were exercised in accordance with their terms: (a) the Company shall (i) make an election pursuant to subsection 110(1.1) of the Tax Act, and (ii) provide evidence in writing of such election to such holders of Company Options, in the form(s) prescribed for purposes of the Tax Act, and (b) no deduction will be claimed in respect of any such payments in respect of which such an election is made in computing the taxable income of the Company or of any Person not dealing at arm's length with the Company under the Tax Act.

### **Section 2.13 Guarantee**

The Parent hereby (a) unconditionally and irrevocably guarantees in favour of the Company the due and punctual performance by the Purchaser of each and every of the Purchaser's covenants, obligations and undertakings hereunder including the due and punctual payment of the aggregate Consideration and all other amounts payable in connection with this Agreement, including, if a Reverse Termination Fee Event occurs, the payment of the Reverse Termination Fee, which guarantee will remain in force until all such covenants, obligations and undertakings have been satisfied in full and (b) agrees to be solidarily (jointly and severally) liable with the Purchaser for the truth, accuracy and completeness of all of the Purchaser's representations and warranties hereunder. The Parent hereby agrees that its guarantee is continuing in nature and full and unconditional. The Parent hereby agrees that the Company shall not have to proceed first against the Purchaser in respect of any such matter before exercising its rights under this guarantee against the Parent and the Parent agrees to be solidarily (jointly and severally) liable with the Purchaser for all guaranteed obligations as if it were the principal

obligor of such obligations. For the avoidance of doubt, Parent shall have all the same defenses as Purchaser shall have hereunder. The Parent acknowledges that the Company is relying on this Section 2.13 in entering into this Agreement.

## **ARTICLE 3** **REPRESENTATIONS AND WARRANTIES**

### **Section 3.1 Representations and Warranties of the Company**

- (1) Except as set forth in the correspondingly numbered section of the Company Disclosure Letter (it being understood and agreed that the disclosure of any fact or item in any section of the Company Disclosure Letter shall constitute disclosure for any of the representations and warranties of the Company set forth in Schedule "C" where the relevance of any such fact or item is manifestly apparent on its face from a reading of such disclosure), the Company represents and warrants to the Parent and the Purchaser as set forth in Schedule "C" and acknowledges and agrees that each of the Parent and the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement.
- (2) Except for the representations and warranties set forth in this Agreement and any certificate delivered under Article 6, neither the Company nor any other Person has made or makes any other express or implied representation and warranty, either written or oral, on behalf of the Company and neither the Parent nor the Purchaser is relying upon any representations and warranties of the Company other than those expressly described in Section 3.1(1). Without limiting the generality of the foregoing, except for the representations and warranties expressly described in Section 3.1(1), neither the Company nor any of its Subsidiaries nor any other Person has made or makes any representation or warranty to the Purchaser or to the Parent with respect to any financial projection, forecast, guidance, estimate of revenues, earnings or cash flows, budget or prospective information relating to the Company or any of its Subsidiaries or their respective business, assets or operations.
- (3) The representations and warranties of the Company contained in this Agreement and any certificate delivered under Article 6 shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

### **Section 3.2 Representations and Warranties of the Purchaser and the Parent**

- (1) Each of the Purchaser and Parent jointly and severally represents and warrants to the Company as set forth in Schedule "D" and acknowledge and agree that the Company is relying upon such representations and warranties in connection with the entering into of this Agreement.
- (2) Except for the representations and warranties set forth in this Agreement and any certificate delivered under Article 6, neither the Purchaser or the Parent nor any other Person has made or makes any other express or implied representation and warranty, either written or oral, on behalf of the Purchaser or the Parent.
- (3) The representations and warranties of each of the Purchaser and the Parent contained in this Agreement and any certificate delivered under Article 6 shall not survive the

completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

## **ARTICLE 4 COVENANTS**

### **Section 4.1 Conduct of Business of the Company**

- (1) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (i) with the prior written consent of the Purchaser; (ii) as required by this Agreement (including compliance with Section 4.13); (iii) as required by Law; or (iv) as expressly contemplated by the Company Disclosure Letter, the Company shall, and shall cause each of its Subsidiaries to, conduct its business in the Ordinary Course and in accordance with Laws, and the Company shall use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, assets, properties, employees, goodwill and business relationships it currently maintains with customers, suppliers, partners, equipment manufacturers and other Persons with which the Company or any of its Subsidiaries has material business relations.
- (2) Without limiting the generality of Section 4.1(1), the Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (i) with the prior written consent of the Purchaser; (ii) as required by this Agreement; (iii) as required by Law; or (iv) as expressly contemplated by the Company Disclosure Letter, the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:
  - (a) amend its articles of incorporation, articles of arrangement, articles of amalgamation, by-laws or, in the case of any Subsidiary which is not a corporation, its similar organizational documents;
  - (b) adjust, reverse, subdivide, split, combine or reclassify any shares of its capital stock or declare, set aside or pay any dividend or other distribution (whether in cash, stock, or property or any combination thereof);
  - (c) redeem, repurchase, or otherwise acquire, directly or indirectly, or offer to redeem, repurchase or otherwise acquire any shares of capital stock of the Company or any of its Subsidiaries, as the case may be, or effect any like change in the capitalization of the Company or its Subsidiaries;
  - (d) amend the terms of any of its securities, reduce the capital of any of its securities or otherwise enter into any transaction that would reduce the "paid-up" capital (within the meaning of the Tax Act) of its shares or undertake any capital reorganization;
  - (e) issue, grant, deliver, sell, pledge or otherwise encumber, or authorize the issuance, grant, delivery, sale, pledge or other encumbrance of, any securities of the Company or of any of its Subsidiaries (including any securities or rights that are linked to the value or price of the Shares) or any options, warrants or similar rights

exercisable or exchangeable for or convertible into capital stock of the Company or any of its Subsidiaries, or any stock appreciation rights, phantom share awards or other rights that are linked to the price or the value of the Shares, except for the issuance of Shares issuable upon the exercise or settlement of the Company Options outstanding as of the date hereof as disclosed in the Company Disclosure Letter;

- (f) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, any assets, securities, properties, interests or businesses having a cost, on a per transaction or series of related transactions basis, in excess of \$250,000;
- (g) enter into any agreement that has the effect of creating a joint venture, partnership, shareholders' agreement or similar relationship between the Company or any of its Subsidiaries and another Person;
- (h) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of, lose the right to use, surrender or encumber or otherwise transfer or dispose of, directly or indirectly, any of its assets, securities, properties, interests or businesses, except inventory sold in the Ordinary Course or in respect of assets whose book value, individually or in the aggregate, does not exceed \$100,000;
- (i) reorganize, amalgamate or merge the Company or any of its Subsidiaries;
- (j) effect or adopt a plan of liquidation, dissolution, restructuring, reorganization or resolutions providing for the liquidation, dissolution, restructuring or reorganization of the Company or any of its Subsidiaries;
- (k) make inconsistent with past practice, amend or rescind any material Tax election, information schedule, return or designation, except in each case in the Ordinary Course consistent with past practice, settle or compromise any material Tax claim, assessment, reassessment or liability, initiate any voluntary disclosure in respect of Taxes, or change any of its methods of reporting income, deductions or accounting for income Tax purposes;
- (l) amend or change any Tax Return, enter into any agreement with a Governmental Entity with respect to Taxes or request any Tax ruling from a Governmental Entity; surrender any right to claim a material Tax abatement, reduction, deduction, exemption, credit or refund, or enter into any Tax sharing agreement, Tax allocation agreement, Tax indemnification agreement or similar agreement that is binding upon the Company or any of its Subsidiaries;
- (m) take any action or fail to take any action that would, or would reasonably be expected to, individually or in the aggregate (i) cause the Tax attributes of assets of the Company or any of its Subsidiaries or the amount of Tax loss or other Tax attribute carry-forwards of the Company or any of its Subsidiaries to materially and adversely change from what is reflected in their respective Tax Returns, or (ii) render such Tax loss or other Tax attribute carry-forwards unusable (in whole or in part) by any of them or any successor of the Company or any of its Subsidiaries;

- (n) make any capital expenditure or commitment to do so which exceeds individually or in the aggregate \$250,000;
- (o) (i) issue any note, bond or other debt security evidencing indebtedness; or (ii) create, incur, assume or guarantee or otherwise become liable for any indebtedness;
- (p) make any loan or advance to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person;
- (q) prepay any long-term indebtedness before its scheduled maturity, or increase, create, incur, assume or otherwise become liable for any indebtedness for borrowed money or guarantees thereof other than in connection with advances under the Company's Credit Facility in the Ordinary Course up to a maximum of \$250,000 in the aggregate;
- (r) make any material change in the Company's accounting principles, except as required by concurrent changes in IFRS;
- (s) grant any Lien (other than Permitted Liens) on any of the assets of the Company or its Subsidiaries;
- (t) grant any general increase in the rate of wages, fees, salaries, bonuses, commissions, fees or other remuneration of any Company Employees or directors, or make any bonus or profit sharing distribution or similar payment of any kind, or adopt or otherwise implement any employee or executive bonus, severance, transaction bonus, change of control payment or retention plan or program, except as required by Law or written Contracts, in each case, as in effect as of the date hereof;
- (u) (i) adopt, enter into, create, amend or terminate any Employee Plan or increase any benefits under any Employee Plan (other than entering into an employment agreement in the Ordinary Course with a new employee who was not employed by the Company or a Subsidiary on the date of this Agreement and whose annual base compensation does not exceed \$150,000); (ii) hire or employ any new officer or executive of the Company or any of its Subsidiaries; (iii) pay any compensation or benefit to any director or officer of the Company or any of its Subsidiaries or to any Company Employee (other than in the Ordinary Course, in the case of a Company Employee who is not a director or officer of the Company and whose annual compensation does not exceed \$100,000) that is not required under the terms of any Employee Plan in effect on the date of this Agreement; (iv) grant, accelerate, increase or otherwise amend any payment, including, but not limited to, any bonus, retention, termination, severance, transaction, change of control, award or other benefit payable to, or for the benefit of, any director or officer of the Company or any of its Subsidiaries or to any Company Employee (other than in the Ordinary Course, in the case of a Company Employee who is not a director or officer of the Company); (v) make any material determination under any Employee Plan that is not in the Ordinary Course; or (vi) take or propose any action to effect any of the foregoing;

- (v) cancel, waive, release, assign, settle or compromise any material claims or rights;
- (w) commence, waive, release, assign, settle or compromise any litigation, proceedings or governmental investigations;
- (x) amend or modify in any material respect or terminate or waive any material right under any Material Contract or enter into any contract or agreement that would be a Material Contract if in effect on the date hereof, other than purchaser orders entered into in the Ordinary Course with existing vendors or customers that are routine in nature and consistent in scope, type, frequency and magnitude with past practice;
- (y) enter into any new vendor or customer Contracts other than in the Ordinary Course;
- (z) abandon or fail to diligently pursue any application for any material Authorizations, leases, permits or registrations or take any action, or fail to take any action, that could lead to the termination of any material Authorizations, leases or registrations;
- (aa) enter into any Contract that limits or otherwise restricts the Company, any of its Subsidiaries or any of their respective affiliates or any of their respective successors from engaging in any line of business or carrying on business in any geographic area or the scope of Person to whom any such Person may sell products or services or acquire products or services from;
- (bb) enter into any new line of business or expand into new markets that is outside of the business of the Company and its Subsidiaries existing on the date hereof, or abandon or discontinue any line of business of the Company or its Subsidiaries existing on the date hereof;
- (cc) enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;
- (dd) enter into or amend any Contract with any broker, finder or investment banker, including any amendment of any of the Contracts with the Financial Advisor, or any Contract that could result in the payment by the Company or any of its Subsidiaries of a finder's fee, success fee or other similar fee in connection with the Arrangement or the other transactions contemplated in this Agreement;
- (ee) except as contemplated in Section 4.10, amend, modify, terminate, cancel or let lapse any material insurance (or re-insurance) policy of the Company or any Subsidiary in effect on the date of this Agreement, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the terminated, cancelled or lapsed policies for substantially similar premiums are in full force and effect;
- (ff) knowingly take any action or permit inaction or enter into any transaction that could reasonably be expected to have the effect of reducing or eliminating the amount of the tax cost "bump" pursuant to paragraphs 88(1)(c) and 88(1)(d) of the Tax Act in respect of the securities of any affiliates or Subsidiaries and other non-

- depreciable capital property owned by the Company or any of its Subsidiaries, upon an amalgamation or winding-up of the Company or any of its Subsidiaries (or any of their respective successors);
- (gg) waive, release, abandon, let lapse, grant, sell or transfer any material right under, or amend, modify or change in any material respect, any existing material license or right to use the Business Intellectual Property;
  - (hh) waive, release, or amend the restrictive covenant obligations of any current or former Company Employee;
  - (ii) enter into any Contract with a Person that does not deal at arms' length (as defined in the Tax Act) with the Company and its Subsidiaries; or
  - (jj) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.
- (3) The Company will, in all material respects, conduct itself so as to keep the Purchaser fully informed as to the material decisions required to be made or material actions required to be taken with respect to the operation of its and its Subsidiaries' business.

#### **Section 4.2 Covenants of the Company Relating to the Arrangement**

- (1) Subject to Section 4.4 which shall govern in relation to Regulatory Approvals, the Company shall perform, and shall cause each of its Subsidiaries to perform, all obligations required or desirable to be performed by the Company or any of its Subsidiaries under this Agreement, cooperate with the Purchaser in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, the Company shall and, where appropriate, shall cause each of its Subsidiaries to:
  - (a) use all commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to this Agreement or the Arrangement;
  - (b) use all commercially reasonable efforts to obtain, provide and maintain, as applicable, all third party or other consents (including the Required Consents), waivers, permits, exemptions, orders, approvals, notices, agreements, amendments or confirmations that are (i) necessary or advisable to be obtained or provided under the Material Contracts in connection with the Arrangement or (ii) required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement, in each case, on terms that are reasonably satisfactory to the Purchaser, and without paying, and without committing itself or the Purchaser or the Parent to pay, any consideration or incurring any liability or obligation or agreeing to any amendment or modification to any such Material Contract without the prior written consent of the Purchaser (it being expressly agreed by the Purchaser that no such consent, waiver, permit, exemption, order, approval, notice, agreement, amendment or confirmation shall be a condition to Closing, except to the extent provided for in Article 6);

- (c) use all commercially reasonable efforts to effect all necessary registrations, filings, notices and submissions of information required by Governmental Entities from the Company and its Subsidiaries relating to the Arrangement;
  - (d) use all commercially reasonable efforts to, upon reasonable consultation with the Purchaser, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement;
  - (e) not take any action, or refrain from taking any commercially reasonable action, or permitting any action to be taken or not taken, which is inconsistent with this Agreement or which could reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement; and
  - (f) use commercially reasonable efforts to assist in effecting the resignations of each member of the Board and the board of directors of each of the Company's Subsidiaries (in each case, to the extent requested by the Purchaser), and causing them to be replaced by Persons nominated by the Purchaser effective as of the Effective Time.
- (2) The Company shall promptly notify the Purchaser in writing of:
- (a) any Material Adverse Effect or any change, event, occurrence, effect, state of factors or circumstance that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect;
  - (b) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement;
  - (c) any notice or other communication from any supplier, marketing partner, equipment manufacturer, customer, distributor or reseller to the effect that such supplier, marketing partner, equipment manufacturer, customer, distributor or reseller is terminating, may terminate, or otherwise is, or may, materially adversely modify, its relationship with the Company or any of its Subsidiaries;
  - (d) any notice or other communication from any Governmental Entity in connection with this Agreement or the Arrangement (and, subject to Law, contemporaneously provide a copy of any such notice or communication to the Purchaser); or
  - (e) any filings, actions, suits, claims, investigations or proceedings commenced or, to the Company's knowledge, threatened against, relating to or involving the Company or any of its Subsidiaries or that relate to this Agreement or the Arrangement.
- (3) The Company shall also provide, and shall use its commercially reasonable efforts to cause its Representatives to provide, to the Parent cooperation reasonably requested by

the Parent in connection with any financing entered into in relation to the Arrangement, provided that: (A) such requested co-operation is made on reasonable notice and does not unreasonably interfere with the ongoing operations of the Company; (B) such requested co-operation shall not require the Company to obtain the approval of the Shareholders; and (C) the Parent shall pay all of the cooperation costs and all direct or indirect costs that may be incurred as a consequence of such requested cooperation or such financing, provided that neither the Company nor any of its Subsidiaries shall be required by the Parent to pay any commitment, consent or other similar fee or incur any other liability in connection with any such financing prior to the Effective Time. The Company acknowledges that the Parent may have confidential discussions concerning this Agreement or the Arrangement with its debt-financing sources, and consents to the Parent having such discussions provided that such debt financing sources keep any applicable confidential information concerning the Company confidential in accordance with the Confidentiality Agreement.

- (4) The Company shall use commercially reasonable efforts to maintain and preserve all of its rights under each of its and its Subsidiaries' Authorizations and shall not solicit or encourage any Governmental Entity to make additions to the obligations under any existing or future Authorization (except to the extent necessary for the Company to continue operating its business in accordance with applicable Laws in which case the Company shall consult with the Purchaser prior to soliciting or encouraging such additions and shall, acting reasonably, give reasonable consideration to the Purchaser's comments).
- (5) No later than one (1) Business Day prior to the Closing, the Company shall, or shall cause Imaflex USA Inc. to, (i) adopt written resolutions and take other necessary and appropriate actions to terminate the Imaflex USA Inc. 401(k) Retirement & Profit Sharing Plan (the "**Imaflex USA 401(k) Plan**") in compliance with the terms of the Imaflex USA 401(k) Plan and the requirements of applicable Law, effective as of no later than one (1) Business Day prior to the Closing, and (ii) fully vest all benefits of participants under the Imaflex USA 401(k) Plan, effective as of no later than one (1) Business Day prior to the Closing. The Company shall, or shall cause Imaflex USA Inc. to, make all outstanding matching, profit-sharing and other employer contributions to the Imaflex USA 401(k) Plan (consistent with such contributions historically made by Imaflex USA Inc. and in accordance with applicable Law) on or as soon as reasonably practicable following such plan termination date (and in any event within the time frames required by applicable Law), and cooperate with the Purchaser to perform all required testing, make all corrective contributions and distributions and wind up the terminated Imaflex USA 401(k) Plan as soon as reasonably practicable after the Closing (and in any event within the one-year period following the Closing). All expenses relating to the termination and winding up of the Imaflex USA 401(k) Plan shall be borne by the Imaflex USA 401(k) Plan as permitted by applicable Law. Following the Closing, the Purchaser agrees to cause its defined contribution plan that includes a qualified cash or deferred arrangement within the meaning of Section 401(k) of the Code (the "**Purchaser 401(k) Plan**") to accept, in accordance with requirements of applicable Law, rollover contributions of any Company Employee employed by Imaflex USA Inc. of his or her account balances under the Imaflex USA 401(k) Plan if such rollover to the Purchaser 401(k) Plan is elected in accordance with applicable Law by such Company Employee.

### **Section 4.3 Covenants of Purchaser and Parent Relating to the Arrangement**

- (1) Subject to Section 4.4 which shall govern in relation to Regulatory Approvals, the Purchaser and the Parent shall perform all obligations required to be performed by them under this Agreement, cooperate with the Company in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, each of the Purchaser and the Parent shall:
  - (a) use all commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order and Final Order applicable to them and comply promptly with all requirements imposed by Law on them with respect to this Agreement or the Arrangement;
  - (b) use all commercially reasonable efforts to cooperate with the Company in obtaining, providing and maintaining all third party or other consents (including the Required Consents), waivers, permits, exemptions, orders, approvals, notices, agreements, amendments or confirmations that are (i) necessary or advisable to be obtained or provided under the Material Contracts in connection with the Arrangement or (ii) required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement, in each case, on terms that are reasonably satisfactory to the Purchaser, and without committing itself or the Company to pay any consideration or to incur any liability or obligation that is not conditioned on consummation of the Arrangement;
  - (c) use all commercially reasonable efforts to effect all necessary registrations, filings, notices and submissions of information required by Governmental Entities from them relating to the Arrangement (provided that, matters relating to the Regulatory Approvals shall be governed by Section 4.4); and
  - (d) use all commercially reasonable efforts, upon reasonable consultation with the Company, to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which they are a party or brought against them challenging the Arrangement or this Agreement.
- (2) The Purchaser and the Parent shall promptly notify the Company in writing of:
  - (a) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement;
  - (b) any notice or other communication from any Governmental Entity in connection with this Agreement or the Arrangement (and, subject to Law, contemporaneously provide a copy of any such notice or communication to the Company); or
  - (c) any filings, actions, suits, claims, investigations or proceedings commenced or, to the knowledge of the Purchaser or the Parent, threatened against, relating to or

involving the Purchaser or the Parent or that relate to this Agreement or the Arrangement.

#### **Section 4.4 Regulatory Approvals**

- (1) As soon as reasonably practicable after the date of this Agreement, each Party shall make all notifications, filings, applications and submissions with Governmental Entities required or considered advisable by the Purchaser in connection with any Regulatory Approval and each Party shall use its commercially reasonable efforts to obtain and maintain the Regulatory Approvals.
- (2) The Parties shall cooperate with one another in connection with obtaining the Regulatory Approvals including by providing or submitting on a timely basis all documentation and information that is required, or in the opinion of the Purchaser, advisable, in connection with obtaining the Regulatory Approvals and use their commercially reasonable efforts to ensure that such information does not contain a Misrepresentation.
- (3) The Parties shall cooperate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining any Regulatory Approvals, and shall promptly notify each other of any communication from any Governmental Entity in respect of any Regulatory Approval, and shall not make any submissions or filings or participate in any meetings or any material conversations with any Governmental Entity in respect of any Regulatory Approval unless it consults with the other applicable Party in advance and, to the extent not precluded by such Governmental Entity, gives the other applicable Party the opportunity to review drafts of any submissions or filings, and attend and participate in any communications or meetings with any such Governmental Entity. Despite the foregoing, submissions, filings or other written communications with any Governmental Entity may be redacted as necessary before sharing with the other applicable Party to address reasonable attorney-client or other privilege or confidentiality concerns, provided that a Party must provide external legal counsel to the other applicable Party non-redacted versions of drafts and final submissions, filings or other written communications with any Governmental Entity on the basis that the redacted information will not be shared with its clients.
- (4) Each Party shall notify the other applicable Party if it becomes aware that any (i) application, filing, document or other submission for a Regulatory Approval contains a Misrepresentation or (ii) any Regulatory Approval contains, reflects or was obtained following the submission of any application, filing, document or other submission containing a Misrepresentation, such that an amendment or supplement may be necessary or advisable. In such case, the Company shall, in consultation with and subject to the prior approval of the Purchaser, cooperate in the preparation, filing and dissemination, as applicable, of any such amendment or supplement.
- (5) If any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with Law, the Parties shall, at the direction of the Purchaser, use their commercially reasonable efforts consistent with the terms of this Agreement to resolve such objection or proceeding so as to allow the Effective Time to occur on or prior to the Outside Date.

## **Section 4.5 Access to Information; Confidentiality**

- (1) From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to Law, the Company shall give the Purchaser and its representatives: (i) reasonable access during normal business hours to its and its Subsidiaries' (a) premises, (b) property and assets (including all books and records, whether retained internally or otherwise), (c) Contracts (including leases) and Authorizations and (d) senior personnel; and (ii) such financial and operating data or other information with respect to the assets or business of the Company and its Subsidiaries as the Purchaser may from time to time reasonably request, including for integration planning purposes. The Company shall continue to afford the Purchaser and its representatives with access to the Data Room. Without limiting the generality of the foregoing: (i) the Company shall, upon the Purchaser's request, facilitate discussions between the Purchaser and any third party from whom consent may be required in connection with the Arrangement or with whom the Company or any of its Subsidiaries does business; and (ii) the Purchaser and its representatives shall, upon reasonable prior notice, have the right to conduct inspections of each of the Company's and its Subsidiaries' properties and material assets.
- (2) Investigations made by or on behalf of the Parent and Purchaser, whether under this Section 4.5 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the Company in this Agreement.
- (3) The Parent and the Purchaser each acknowledge that the Confidentiality Agreement continues to apply and that any information provided Section 4.5(1) that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement.

## **Section 4.6 Pre-Acquisition Reorganization**

- (1) The Company agrees that, upon the reasonable request by the Purchaser, the Company shall: (i) effect such reorganizations of the Company's and its Subsidiaries' corporate structure, capital structure, business, operations or assets and such other transactions as the Purchaser may request, acting reasonably (each a "**Pre-Acquisition Reorganization**"); (ii) cooperate with the Purchaser and its advisors in order to determine the nature and manner in which any Pre-Acquisition Reorganization might most effectively be undertaken; and (iii) cooperate with the Purchaser and its advisers to seek to obtain any consents, approvals, waivers or similar authorizations that are reasonably required by the Purchaser (based on the applicable terms of the Contract or Authorization) in connection with the Pre-Acquisition Reorganizations, if any.
- (2) Without limiting the generality of the foregoing, the Company acknowledges that the Purchaser may enter into transactions designed to (i) step up the tax basis in certain capital property of the Company and/or its Subsidiaries for purposes of the Tax Act, and/or (ii) settle any intercompany debt or liabilities outstanding between the Company and any of its Subsidiaries, and, in each case, agrees to use commercially reasonable efforts to provide information reasonably requested and required by the Purchaser in this regard on a timely basis and to assist in obtaining any such information.
- (3) The Company will not be obligated to perform any Pre-Acquisition Reorganization under Section 4.6(1) unless such Pre-Acquisition Reorganization:
  - (a) is not prejudicial to the Affected Securityholders in any material respect;

- (b) does not require the Company to obtain the approval of the Shareholders (other than as properly put forward and approved at the Company Meeting);
  - (c) does not impair, prevent or delay the consummation of the Arrangement in any material respect;
  - (d) can be unwound in the event the Arrangement is not consummated without adversely affecting the Company or any of its Subsidiaries, or the Shareholders, in any material respect;
  - (e) does not require the Company or any of its Subsidiaries to contravene their respective Constituting Documents, any Laws or any material Authorization or result in any breach by the Company or any of its Subsidiaries of any Material Contract;
  - (f) does not require any director, officer, employee or other Representative of the Company or any of its Subsidiaries to take any action that would be reasonably be expected to result in such Person incurring personal liability;
  - (g) would not result in any Taxes being imposed on, or any adverse Tax to, any Shareholder incrementally greater than the Taxes to such party in connection with the Arrangement in the absence of any such Pre-Acquisition Reorganization;
  - (h) does not reduce, or impact the form of, the Consideration to be received by Shareholders under the Plan of Arrangement; and
  - (i) is effected as close to the Effective Time as is practicable.
- (4) The Purchaser must provide written notice to the Company of any proposed Pre-Acquisition Reorganization at least 10 Business Days prior to the Effective Time. Upon receipt of such notice, the Purchaser and the Company shall work cooperatively and use commercially reasonable efforts to prepare prior to the Effective Time all documentation necessary and do all such other acts and things as are reasonably necessary, including making amendments to this Agreement or the Plan of Arrangement (provided that such amendments do not require the Company to obtain approval of securityholders of the Company (other than as properly put forward and approved at the Company Meeting)), and shall seek to have any such Pre-Acquisition Reorganization be effective immediately prior to the Effective Time.
- (5) If the Arrangement is not completed other than due to a breach by the Company, the Purchaser (a) shall forthwith reimburse the Company for all reasonable costs, fees and expenses and Taxes incurred by the Company and its Subsidiaries in connection with any completed Pre-Acquisition Reorganization, and (b) shall indemnify and hold harmless the Company and its Subsidiaries from and against any and all liabilities, losses, damages, claims, penalties, interest, awards, judgments and Taxes suffered or incurred as a result of undertaking any Pre-Acquisition Reorganization (including any unwinding thereof), or in taking reasonable steps to reverse or unwind any Pre-Acquisition Reorganization. Notwithstanding anything to the contrary herein, the indemnification obligations of the Purchaser in this Section shall survive the termination of this Agreement.
- (6) The Purchaser agrees that any Pre-Acquisition Reorganization will not be considered in determining whether a representation or warranty of the Company under this Agreement

has been breached (including where any such Pre-Acquisition Reorganization requires the consent of any third party under a Contract).

#### **Section 4.7 Tax Matters.**

The Company covenants and agrees that, until the Effective Time, the Company and its Subsidiaries shall (a) duly and timely file with the appropriate Governmental Entity all Tax Returns required to be filed by any of them, which shall be correct and complete in all material respects, (b) reasonably consult with the Purchaser with respect to the discretionary deductions to be claimed in respect of any such Tax Return where claiming such discretionary deductions would otherwise give rise to a loss for tax purposes, and (c) pay, withhold, collect and remit to the appropriate Governmental Entity in a timely fashion all amounts required to be so paid, withheld, collected or remitted. The Company shall keep the Purchaser reasonably informed of any events, discussions, notices or changes with respect to any Tax or regulatory audit or investigation or any other investigation by a Governmental Entity or proceeding involving the Company or any of its Subsidiaries (other than Ordinary Course communications which could not reasonably be expected to be material to the Company and the Subsidiaries on a consolidated basis).

#### **Section 4.8 Public Communications**

The Company and the Purchaser, each acting reasonably, shall agree on the text of joint press releases by which the Company and the Purchaser will announce: (i) the execution of this Agreement; and (ii) the completion of the Arrangement. The Parties shall cooperate in the preparation of presentations, if any, to the Shareholders regarding the Arrangement. Except as required by Law, a Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the consent of the other Parties (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that, in the opinion of its legal counsel, is required to make disclosure by Law shall use its reasonable best efforts to give the other Parties prior oral or written notice and a reasonable opportunity to review and comment on the disclosure. The Party making such disclosure shall give reasonable consideration to any comments made by the other Parties or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure if legally permitted. For the avoidance of doubt, none of the foregoing shall prevent a Party from making internal announcements to employees and having discussions with stakeholders so long as such announcements and discussions are consistent in all material respects with the most recent press releases, public disclosures or public statements made by the Parties. The Parties consent to this Agreement being filed on SEDAR+ as soon as practicable after the public announcement of the transactions contemplated hereby.

#### **Section 4.9 Notice and Cure Provisions**

- (1) Each Party shall promptly notify the other Parties of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:
  - (a) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time; or
  - (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement.

- (2) Notification provided under this Section 4.9 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.
- (3) The Purchaser may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(d)(i) and the Company may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(c), unless the Party seeking to terminate this Agreement (the “**Terminating Party**”) has delivered a written notice (“**Termination Notice**”) to the applicable other Party (the “**Breaching Party**”) specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date, the Terminating Party may not exercise such termination right until the earlier of (a) the Outside Date, and (b) the date that is 10 Business Days following receipt of such Termination Notice by the Breaching Party, if such matter has not been cured by such date. If the Terminating Party delivers a Termination Notice prior to the date of the Company Meeting, unless the Parties mutually agree otherwise, the Company shall postpone or adjourn the Company Meeting to the earlier of (a) 10 Business Days prior to the Outside Date and (b) the date that is 10 Business Days following receipt of such Termination Notice by the Breaching Party.

#### **Section 4.10 Insurance and Indemnification**

- (1) Prior to the Effective Date, the Company shall purchase customary “tail” policies of directors’ and officers’ liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Company and its Subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and the Purchaser shall, or shall cause the Company and its Subsidiaries to maintain such tail policies in effect without any reduction in scope or coverage for six (6) years from the Effective Date; provided that the Purchaser shall not be required to pay any amounts in respect of such coverage prior to the Effective Time and provided further that the cost of such policies shall not exceed 300% of the Company’s current annual aggregate premium for policies currently maintained by the Company or its Subsidiaries.
- (2) The Purchaser shall cause the Company to honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of the Company and its Subsidiaries, to the extent that they are (i) included in the Constituting Documents of the Company or any of its Subsidiaries or (ii) disclosed in Section 4.10(2) of the Company Disclosure Letter, and acknowledges that such rights, to the extent that they are disclosed in Section 4.10(2) of the Company Disclosure Letter, shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years from the Effective Date.

#### **Section 4.11 Payoff and Release Letters**

The Company shall use reasonable best efforts to obtain, at least three Business Days prior to the Effective Date, and shall obtain prior to the Effective Date, a customary payoff letter with respect to the Credit Facility, providing for the termination of all Liens securing obligations under

the Credit Facility and the termination of the Credit Facility, all guarantees thereof and all related documents (other than obligations thereunder which expressly survive termination), upon payment of all obligations owing under the Credit Facility as of the Effective Date.

### **Section 4.12 Delisting**

The Company shall use its commercially reasonable efforts in cooperation with the Purchaser to cause the Shares to be de-listed from the TSXV with effect on or as promptly as practicable following the Effective Date.

### **Section 4.13 Company Cash; Company Debt; Company Capital Lease Obligations; and Company Transaction Expenses**

The Company shall, and shall cause each of its Subsidiaries to, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms (i) conduct its business in a manner that will ensure compliance with the conditions set forth in Section 6.2(7) [*Company Cash*], Section 6.2(8) [*Company Debt*]; Section 6.2(9) [*Company Capital Lease Obligations*] and Section 6.2(10) [*Company Transaction Expenses*]; and (ii) upon reasonable request from time to time, provide the Purchaser with evidence of such compliance, in form and substance reasonably satisfactory to the Purchaser.

## **ARTICLE 5 ADDITIONAL COVENANTS REGARDING NON-SOLICITATION**

### **Section 5.1 Non-Solicitation**

- (1) Except as expressly provided in this Article 5, the Company and its Subsidiaries shall not, directly or indirectly, through any officer, director, employee, shareholder, representative (including any financial or other adviser) or agent of the Company or of any of its Subsidiaries (collectively, "**Representatives**"), or otherwise, and shall not permit any such Person to:
  - (a) solicit, assist, initiate, encourage or otherwise knowingly facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
  - (b) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than with the Purchaser and the Parent) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal; provided that, for greater certainty, the Company may (i) communicate with any Person for the purposes of ascertaining facts from such Person and clarifying the terms and conditions of any inquiry, proposal or offer made by such Person, (ii) advise any Person of the restrictions of this Agreement, and (iii) advise any Person making an Acquisition Proposal that the Board has determined that such Acquisition Proposal does not constitute or is not reasonably expected to constitute a Superior Proposal;

- (c) withdraw, amend, modify or qualify, or publicly propose or state an intention to withdraw, amend, modify or qualify, the Board Recommendation;
  - (d) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly announced Acquisition Proposal for a period of no more than five Business Days following the public announcement of such Acquisition Proposal will not be considered to be in violation of this Section 5.1 provided the Board has rejected such Acquisition Proposal and affirmed the Board Recommendation before the end of such five Business Day period (or in the event that the Company Meeting is scheduled to occur within such five Business Day period, prior to the third Business Day prior to the date of the Company Meeting)); or
  - (e) accept or enter into (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3) or publicly propose to accept or enter into any agreement, letter of intent, understanding or arrangement in respect of an Acquisition Proposal or any inquiry, proposal or offer that may reasonably be expected to constitute or lead to an Acquisition Proposal.
- (2) The Company shall, and shall cause its Subsidiaries and its Representatives to, immediately cease and terminate, any solicitation, encouragement, discussion, negotiation or other activities with any Person (other than with the Purchaser and the Parent) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and without limiting the generality of the foregoing, the Company shall:
- (a) promptly discontinue access to and disclosure of all information, including access to any data room and any access to the properties, facilities, books and records of the Company or of any of its Subsidiaries; and
  - (b) within two Business Days of the date of this Agreement, request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding the Company or any Subsidiary provided to any Person (other than the Purchaser and the Parent and their representatives) and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company or any Subsidiary, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.
- (3) The Company represents and warrants that, since January 1, 2024, neither the Company, its Subsidiaries nor any of their respective Representatives has waived any confidentiality, standstill or similar agreement or restriction to which the Company or any of its Subsidiaries is a party, and the Company covenants and agrees that (i) it shall take all necessary action to enforce any confidentiality, standstill, use, business purpose or similar agreement or restriction to which the Company or any of its Subsidiaries is a party and (ii) neither the Company, any of its Subsidiaries nor any of their respective Representatives will, without the prior written consent of the Purchaser (which may be withheld, conditioned or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify any Person's obligations respecting the

Company or any of its Subsidiaries, under any confidentiality, standstill, use, business purpose or similar agreement or restriction to which the Company or any of its Subsidiaries is a party (it being acknowledged by the Parent and Purchaser that the automatic termination or release of any standstill restrictions of any such agreements as a result of the entering into and announcement of this Agreement shall not be a violation of this Section 5.1(3)).

## **Section 5.2 Notification of Acquisition Proposals**

If the Company or any of its Subsidiaries or any of their respective Representatives receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to the Company or any of its Subsidiaries, the Company shall promptly notify the Purchaser, at first orally, and then within 24 hours, in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions and the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request, and shall provide the Purchaser with copies of all documents, correspondence or other material received in respect of, from or on behalf of any such Person and such other details of such Acquisition Proposal, inquiry, proposal, offer or request as the Purchaser may request. The Company shall keep the Purchaser fully informed on a current basis of the status of developments and (to the extent permitted by Section 5.3) negotiations with respect to any Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and shall provide to the Purchaser copies of all material or substantive correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence, sent or communicated by or to the Company in respect of such Acquisition Proposal, inquiry, proposal, offer or request.

## **Section 5.3 Responding to an Acquisition Proposal**

Notwithstanding Section 5.1, if at any time prior to obtaining the approval of the Shareholders of the Arrangement Resolution, the Company receives an unsolicited written Acquisition Proposal, the Company may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal and may provide copies of, access to or disclosure of information, properties, facilities, books or records of the Company or its Subsidiaries to such Person, if and only if:

- (a) the Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal constitutes or may reasonably be expected to constitute or lead to a Superior Proposal, and, after consultation with its outside legal counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties to the Company;
- (b) such Person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction with the Company or its Subsidiaries;
- (c) the Company has been, and continues to be, in compliance with its obligations under this Article 5, in all material respects;

- (d) the Company enters into a confidentiality and standstill agreement with such Person substantially in the same form as the Confidentiality Agreement and that is otherwise on terms no less onerous or more beneficial to such Person than the Confidentiality Agreement; and
- (e) the Company promptly provides the Purchaser with:
  - (i) prior written notice stating the Company's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure;
  - (ii) prior to providing such copies, access or disclosure, a true, complete and final executed copy of the confidentiality and standstill agreement referred to in Section 5.3(d); and
  - (iii) any non-public information concerning the Company and its Subsidiaries provided to such other Person which was not previously provided to the Purchaser.

#### **Section 5.4 Right to Match**

- (1) If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by the Shareholders, the Board may make a Change in Recommendation and enter into a definitive agreement with respect to such Superior Proposal, if and only if:
  - (a) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction;
  - (b) the Company has been, and continues to be, in compliance with its obligations under this Article 5, in all material respects;
  - (c) the Company has delivered to the Purchaser a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to make a Change in Recommendation and enter into a definitive agreement with respect to such Superior Proposal, together with a written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the "**Superior Proposal Notice**");
  - (d) the Company or its Representatives have provided to the Purchaser a copy of the proposed definitive agreement with respect to the Superior Proposal (including any financing commitments or other documents in possession of the Company and its Representatives containing material terms and conditions of such Superior Proposal);
  - (e) at least five Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received a copy of the proposed

definitive agreement with respect to the Superior Proposal (including any financing commitments or other documents in possession of the Company and its Representatives containing material terms and conditions of such Superior Proposal) from the Company;

- (f) during any Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Section 5.4(2), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
  - (g) after the Matching Period, the Board has determined in good faith (i) after consultation with its legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (and, if applicable, compared to the terms of this Agreement and the Arrangement as proposed to be amended by the Purchaser under Section 5.4(2)) and (ii) after consultation with its outside legal counsel, that it is necessary for the Board to take such action with respect to such Superior Proposal in order to satisfy their fiduciary duties to the Company; and
  - (h) the terms of any definitive agreement entered into in connection with such Superior Proposal (i) do not require the Company or any other Person to seek to interfere with the attempted successful completion of the Arrangement (including requiring the Company to delay, adjourn, postpone or cancel the Company Meeting), (ii) do not provide for the payment of any break, termination or other fees or expenses, confer any rights or options to acquire assets or securities of the Company or any of its Subsidiaries to any Person or require the taking of any other action by the Company or any of its Subsidiaries in the event that the Company or any of its Subsidiaries completes the Arrangement, (iii) do not prevent, delay or inhibit, in any way, the Company from completing the Arrangement, (iv) do not require the Company or any of its Subsidiaries to take any further steps in respect of the Superior Proposal, unless and until the Arrangement Resolution shall have failed to receive the requisite approval by the Shareholders at the Company Meeting, the Termination Fee has been paid by the Company to the Purchaser and this Agreement has been validly terminated, and (v) terminates automatically in accordance with its terms, and is of no further force or effect, without any further liability or obligation of the Company or of any of its Subsidiaries, upon the approval of the Arrangement Resolution by the Shareholders at the Company Meeting.
- (2) During the Matching Period, or such longer period as the Company may approve in writing for such purpose: (a) the Board shall review in good faith any offer made by the Purchaser under Section 5.4(1)(f) to amend the terms of this Agreement and the Arrangement in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) the Company shall, and shall cause its Representatives to, negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company shall promptly so advise the Purchaser and the Parties shall amend this Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

- (3) Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 5.4, and the Purchaser shall be afforded a new five Business Day Matching Period from the later of the date on which the Purchaser received the Superior Proposal Notice and a copy of the proposed definitive agreement for the new Superior Proposal from the Company.
- (4) The Board shall promptly reaffirm the Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Board determines that a proposed amendment to the terms of this Agreement as contemplated under Section 5.4(2) would result in an Acquisition Proposal no longer being a Superior Proposal. The Company shall provide the Purchaser and its legal counsel with a reasonable opportunity to review the form and content of any such press release and shall make all reasonable amendments to such press release as required by the Purchaser and its counsel.
- (5) If the Company provides a Superior Proposal Notice to the Purchaser on a date that is less than 10 Business Days before the Company Meeting, the Company shall either proceed with or shall postpone or adjourn the Company Meeting, as directed by the Purchaser acting reasonably, to a date that is not more than 15 Business Days after the scheduled date of the Company Meeting, but in any event the Company Meeting shall not be postponed to a date which would prevent the Effective Date from occurring on or prior to the Outside Date.
- (6) Nothing contained in this Section 5.4 shall limit in any way the obligation of the Company to convene and hold the Company Meeting in accordance with Section 2.3 of this Agreement while this Agreement remains in force.
- (7) Nothing contained in this Agreement shall prevent the Board from complying with Section 2.17 of *Regulation 62-104 respecting Takeover Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal that is not a Superior Proposal.
- (8) Without limiting the generality of this Article 5, the Company shall advise its Subsidiaries and their respective Representatives of the prohibitions set out in this Article 5 and any violation of the restrictions set out in this Article 5 by the Company, its Subsidiaries or their respective Representatives shall be deemed to be a breach of this Article 5 by the Company.

## ARTICLE 6 CONDITIONS

### **Section 6.1 Mutual Conditions Precedent**

The Purchaser and the Company are not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions may only be waived, in whole or in part, by the mutual consent of the Purchaser and the Company:

- (1) **Arrangement Resolution.** The Arrangement Resolution has been approved and adopted by the Shareholders at the Company Meeting in accordance with the Interim Order.

- (2) **Interim Order and Final Order.** The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement, and have not been set aside or modified in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise.
- (3) **Illegality.** No Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement.

## **Section 6.2 Additional Conditions Precedent to the Obligations of the Purchaser**

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

- (1) **Representations and Warranties.** (i) The representations and warranties of the Company set forth in Paragraphs 1 [*Organization and Qualification*], 2 [*Corporate Authorization*], 3 [*Execution and Binding Obligation*], 6 [*Capitalization*], 8 [*Subsidiaries*] and 33 [*Brokers*] of Schedule "C" were true and correct as of the date of this Agreement and are true and correct as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date) other than for *de minimis* inaccuracies; and (ii) all other representations and warranties of the Company set forth in this Agreement were true and correct as of the date of this Agreement and are true and correct as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date) in all respects, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not be reasonably expected to have a Material Adverse Effect (and, for this purpose, any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored); and the Company has delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.
- (2) **Performance of Covenants.** The Company has fulfilled or complied in all material respects with each of the covenants of the Company contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and the Company has delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.
- (3) **No Legal Action.** There is no action or proceeding (whether, for greater certainty, by a Governmental Entity or any other Person) pending or threatened in any jurisdiction to:
  - (a) cease trade, enjoin, prohibit or impose any limitations, damages or conditions on the Purchaser's ability to acquire, hold, or exercise full rights of ownership over any Shares, including the right to vote the Shares and receive distributions;
  - (b) prohibit or restrict the Arrangement, or the ownership or operation by the Purchaser or any of its Subsidiaries of a material portion of the business or assets of the Purchaser and its Subsidiaries or of the Company and its Subsidiaries, or

- compel the Purchaser or its Subsidiaries to dispose of or hold separate any material portion of the business or assets of the Purchaser and its Subsidiaries or of the Company and its Subsidiaries as a result of the Arrangement or the transactions contemplated by this Agreement;
- (c) seek to obtain from the Company or the Purchaser or any of their respective affiliates any material damages directly or indirectly in connection with the Arrangement or the transactions contemplated by this Agreement; or
  - (d) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Material Adverse Effect or reasonably be expected to be material and adverse to the Purchaser.
- (4) **Regulatory Approvals.** All Regulatory Approvals and all other third party consents, waivers, exemptions, permits, orders, registrations and approvals that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement and the failure of which to obtain, individually or in the aggregate, would be reasonably expected to have a Material Adverse Effect or would be reasonably be expected to be material and adverse to the Purchaser, shall have been obtained or received on terms acceptable to the Purchaser, acting reasonably.
- (5) **Required Consents.** The Required Consents shall have been obtained on terms acceptable to the Purchaser, acting reasonably, and each such Required Consent is in force and has not been modified or rescinded.
- (6) **Dissent Rights.** Dissent Rights have not been exercised with respect to more than 5.0% of the issued and outstanding Shares.
- (7) **Company Cash.** The Company Cash is greater than or equal to C\$10,800,000 as of the Effective Time but for greater certainty, before the payments provided for under Section 6.2(10) of the Agreement and the Company has delivered (i) a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date; and (ii) evidence satisfactory to the Purchaser, acting reasonably, delivered three (3) Business Days prior to the Effective Date.
- (8) **Company Debt.** There is no Company Debt outstanding as of the Effective Time and the Company has delivered (i) a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date; and (ii) evidence satisfactory to the Purchaser, acting reasonably, delivered three (3) Business Days prior to the Effective Date.
- (9) **Company Capital Lease Obligations.** The Company Capital Lease Obligations do not exceed C\$5,900,000 as of the Effective Time and the Company has delivered (i) a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date; and (ii) evidence satisfactory to the Purchaser, acting reasonably, delivered three (3) Business Days prior to the Effective Date.

- (10) **Company Transaction Expenses.** The Company Transaction Expenses do not exceed C\$2,000,000 as of the Effective Time and the Company has delivered (i) a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date; and (ii) evidence satisfactory to the Purchaser, acting reasonably, delivered three (3) Business Days prior to the Effective Date.
- (11) **Material Adverse Effect.** Since the date of this Agreement, there shall not have occurred a Material Adverse Effect.
- (12) **Payoff and Release Letters.** The Purchaser shall have been provided with “payoff and release” letters from providers of any third party indebtedness to the Company and its Subsidiaries including the Credit Facility in form and content satisfactory to the Purchaser, acting reasonably, providing for the termination of all Liens securing obligations under such indebtedness, including the Credit Facility and the termination of such indebtedness, including the Credit Facility, all guarantees thereof and all related documents (other than obligations thereunder which expressly survive termination), upon payment of all obligations owing under such indebtedness as of the Effective Date.
- (13) **Amended Real Property Leases.** Each of the Amended Real Property Leases have been executed by the parties thereto and is in full force and effect and enforceable against the parties thereof.

### **Section 6.3 Additional Conditions Precedent to the Obligations of the Company**

The Company is not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

- (1) **Representations and Warranties.** The representations and warranties of the Purchaser and the Parent set forth in this Agreement which are qualified by references to materiality were true and correct as of the date of this Agreement and are true and correct as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date) in all respects and all other representations and warranties of the Purchaser and the Parent set forth in this Agreement were true and correct as of the date of this Agreement are true and correct as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date) in all material respects, in each case, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not materially impede the completion of the Arrangement; and each of the Purchaser and the Parent have delivered a certificate confirming same to the Company, executed by two of its senior officers (in each case without personal liability) addressed to the Company and dated the Effective Date.
- (2) **Performance of Covenants.** The Purchaser and the Parent have fulfilled or complied in all material respects with each of the covenants of the Purchaser and the Parent contained in this Agreement to be fulfilled or complied with by them on or prior to the Effective Time, except where the failure to comply with such covenants, individually or in the aggregate, would not materially impede the completion of the Arrangement, and each of the Purchaser and the Parent have delivered a certificate confirming same to the Company,

executed by two of its senior officers (in each case without personal liability) addressed to the Company and dated the Effective Date.

- (3) **Deposit of Funds.** The Purchaser shall have deposited or caused to be deposited with the Depositary in escrow in accordance with Section 2.8, the funds required to satisfy the aggregate Consideration payable by the Purchaser pursuant to the Plan of Arrangement, and the Depositary shall have confirmed to the Company the receipt of such funds. For greater certainty, and notwithstanding the terms of any escrow arrangement entered into between the Purchaser and the Depositary, all funds held in escrow by the Depositary pursuant to Section 2.9 hereof shall be deemed to be released from escrow, without any further act or formality required on the part of any Person, when the Certificate of Arrangement is issued.

#### **Section 6.4 Satisfaction of Conditions**

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director.

### **ARTICLE 7 TERM AND TERMINATION**

#### **Section 7.1 Term**

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

#### **Section 7.2 Termination**

- (1) This Agreement may be terminated prior to the Effective Time by:
- (a) the mutual written agreement of the Parties; or
  - (b) either the Company or the Purchaser if:
    - (i) the Arrangement Resolution is not approved by the Shareholders at the Company Meeting in accordance with the Interim Order provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(i) if the failure to obtain the approval of the Shareholders has been primarily caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;
    - (ii) after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company, the Parent or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided that the Party seeking to terminate this Agreement pursuant to this Section 7.2(1)(b)(ii) has used its commercially reasonable efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in

respect of the Arrangement and provided further that the enactment, making, enforcement or amendment of such Law was not primarily due to the failure of such Party to perform any of its covenants or agreements under this Agreement; or

(iii) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(iii) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement; or

(c) the Company if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser or the Parent under this Agreement occurs that would cause any condition in Section 6.3(1) *[Purchaser and Parent Reps and Warranties Condition]* or Section 6.3(2) *[Purchaser and Parent Covenants Condition]* not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 4.9(3); provided that the Company is not then in breach of this Agreement so as to cause any condition in Section 6.2(1) *[Company Reps and Warranties Condition]* or Section 6.2(2) *[Company Covenants Condition]* not to be satisfied; or

(ii) (A) all of the conditions in Section 6.1 *[Mutual Conditions Precedent]* and Section 6.2 *[Additional Conditions Precedent to the Obligations of the Purchaser]* have been and continue to be satisfied or waived by the applicable Party or Parties at the time the Closing should have occurred pursuant to Section 2.7 (excluding conditions that, by their terms, are to be satisfied on the Effective Date, but are reasonably capable of being satisfied on the Effective Date); (B) the Company has irrevocably confirmed to the Purchaser in writing that (X) it is ready, willing and able to consummate the Arrangement and (Y) all conditions set forth in Section 6.3 *[Additional Conditions Precedent to the Obligations of the Company]* are satisfied (excluding conditions that, by their terms, are to be satisfied on the Effective Date, but are reasonably capable of being satisfied on the Effective Date) or that it is willing to waive any unsatisfied conditions set forth in Section 6.3 *[Additional Conditions Precedent to the Obligations of the Company]*; and (C) the Purchaser does not provide, or cause to be provided, the Depositary with sufficient funds to complete the transactions contemplated by this Agreement as required pursuant to Section 2.8 by the date that is three (3) Business Days after the delivery of such confirmation; or

(d) the Purchaser if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under this Agreement occurs that would cause any condition in Section 6.2(1) *[Company Reps and Warranties Condition]* or Section 6.2(2) *[Company Covenants*

*Condition] not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 4.9(3); provided that neither the Purchaser nor the Parent are then in breach of this Agreement so as to cause any condition in Section 6.3(1) [Purchaser and Parent Representations and Warranties Condition] or Section 6.3(2) [Purchaser and Parent Covenants Condition] not to be satisfied; or*

- (ii) (A) the Board or any committee of the Board fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify, the Board Recommendation, (B) the Board or any committee of the Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend an Acquisition Proposal or takes no position or remains neutral with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five Business Days (or beyond the third Business Day prior to the date of the Company Meeting, if sooner), (C) the Board or any committee of the Board accepts or enters into or authorizes the Company or any of its Subsidiaries to accept or enter into (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3) or publicly proposes to accept or enter into or to authorize the Company or any of its Subsidiaries to accept or enter into, any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal or any proposal or offer that may reasonably be expected to constitute or lead to an Acquisition Proposal, (D) the Board or any committee of the Board fails to publicly reaffirm the Board Recommendation (without qualification) within five Business Days after having been requested in writing by the Purchaser to do so (or in the event that the Company Meeting is scheduled to occur within such five Business Day period, prior to the third Business Day prior to the date of the Company Meeting) (collectively, a **"Change in Recommendation"**) or (E) the Company breaches Article 5 in any material respect.
- (2) Subject to Section 4.9(3), if applicable, the Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(1)(a)) shall give written notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

### **Section 7.3 Effect of Termination/Survival**

If this Agreement is terminated pursuant to Section 7.1 or Section 7.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that: (a) in the event of termination under Section 7.1 as a result of the Effective Time occurring, Section 4.10 shall survive for a period of six years following such termination and this Section 7.3 shall survive; and (b) in the event of termination under Section 7.2, Section 4.5(3), Section 4.6(5), this Section 7.3 and Section 8.2 through to and including Section 8.15 shall survive, and provided further that, no Party shall be relieved of any liability for any wilful breach by it of this Agreement.

## ARTICLE 8 GENERAL PROVISIONS

### **Section 8.1 Amendments**

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Shareholders, and any such amendment may, subject to the Interim Order and Final Order and Laws, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;
- (c) modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or
- (d) modify any mutual conditions contained in this Agreement.

### **Section 8.2 Termination Fees and Expenses**

- (1) Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the Party incurring such cost or expense.
- (2) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Termination Fee Event occurs, the Company shall pay the Parent the Termination Fee in accordance with Section 8.2(3). For the purposes of this Agreement, "**Termination Fee**" means \$3,700,000 and "**Termination Fee Event**" means the termination of this Agreement:
  - (a) by the Purchaser, pursuant to Section 7.2(1)(d)(ii) [*Change in Recommendation or Breach of Non-Solicit*];
  - (b) by the Company or the Purchaser pursuant to any subsection of Section 7.2 if at such time the Purchaser is entitled to terminate this Agreement pursuant to Section 7.2(1)(d)(ii) [*Change in Recommendation or Breach of Non-Solicit*];
  - (c) by the Company or the Purchaser pursuant to Section 7.2(1)(b)(i) [*Failure of Shareholders to Approve*] or Section 7.2(1)(b)(iii) [*Outside Date*] or by the Purchaser pursuant to Section 7.2(1)(d)(i) [*Breach of Representations and Warranties or Covenants by Company*] due to a wilful breach or fraud if:
    - (i) prior to such termination, an Acquisition Proposal is made or publicly announced or otherwise publicly disclosed by any Person (other than the Purchaser, the Parent or any of their affiliates) or any Person (other than the Purchaser, the Parent or any of their affiliates) shall have publicly stated an intention to make an Acquisition Proposal; and
    - (ii) within 365 days following the date of such termination (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition

Proposal referred to in clause (i) above) is consummated, or (B) the Company or one or more of its Subsidiaries, directly or indirectly, in one or more transactions, enters into a Contract in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) and, such Acquisition Proposal is later consummated (whether or not within 365 days following the date of such termination).

For purposes of the foregoing, the term “Acquisition Proposal” shall have the meaning assigned to such term in Section 1.1, except that references to “20% or more” shall be deemed to be references to “50% or more”.

- (3) The Termination Fee shall be paid by the Company to the Parent as follows, by wire transfer of immediately available funds to an account designated by the Parent:
  - (a) if a Termination Fee Event occurs due to a termination of this Agreement described in Section 8.2(2)(a) or Section 8.2(2)(b), within two (2) Business Days of the occurrence of such Termination Fee Event; and
  - (b) if a Termination Fee Event occurs in the circumstances described in Section 8.2(2)(c) on or prior to the earlier of the consummation of an Acquisition Proposal or the entering into of a definitive agreement in respect of an Acquisition Proposal, as applicable.
- (4) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Reverse Termination Fee Event occurs, the Purchaser shall pay or cause to be paid to the Company as consideration for the disposition of the Company’s rights under this Agreement, the Reverse Termination Fee (subject to any applicable withholding Tax), by wire transfer of immediately available funds to an account designated by the Company, within two (2) Business Days following such Reverse Termination Fee Event. For greater certainty, in no event shall the Purchaser be obligated to pay the Reverse Termination Fee on more than one occasion. For the purposes of this Agreement, “**Reverse Termination Fee**” means \$3,700,000 and “**Reverse Termination Fee Event**” means the termination of this Agreement:
  - (a) by the Company, (i) pursuant to Section 7.2(1)(c)(i) [*Breach of Representation or Warranty or Failure to Perform Covenant by the Purchaser*] (but only where the circumstances giving rise to the Company’s right to terminate this Agreement was due solely to willful breach or fraud) or (ii) Section 7.2(1)(c)(ii) [*Failure of Purchaser to Consummate*]; or
  - (b) by the Purchaser, pursuant to Section 7.2(1)(b)(iii) [*Outside Date*], if at the time of termination the Company could have terminated this Agreement (i) pursuant to Section 7.2(1)(c)(i) [*Breach of Representation or Warranty or Failure to Perform Covenant by the Purchaser*] (but only where the circumstances giving rise to the Company’s right to terminate this Agreement was due solely to willful breach or fraud), or (ii) Section 7.2(1)(c)(ii) [*Failure of Purchaser to Consummate*].
- (5) In addition to the rights of the Parent and the Purchaser under Section 8.2(2), if this Agreement is terminated by the Company or the Purchaser pursuant to Section 7.2(1)(b)(i) [*Failure of Shareholders to Approve*] or the Purchaser pursuant to Section 7.2(1)(d)(i)

*[Breach of Representations and Warranties or Covenants by Company]* other than as a result of a wilful breach or fraud which shall be governed by Section 8.2(2)(a), the Company shall pay to the Parent an amount of \$2,000,000 in reimbursement of the expenses, costs and fees incurred by the Parent and its affiliates in connection with the transactions contemplated by this Agreement (the “**Purchaser Reimbursement Payment**”), such payment to be made by wire transfer in immediately available funds to an account or accounts designated by the Parent no later than two (2) Business Days after the date of such termination; provided that in no event shall the Company be required to pay under Section 8.2(2), on the one hand, and this Section 8.2(5) on the other hand, in the aggregate, an amount in excess of the Termination Fee.

- (6) Each of the Party acknowledges that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement, and that the amounts set out in this Section 8.2 are in consideration for the disposition of the affected Party’s rights under this Agreement and represent liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which the affected Party will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and are not penalties. Each of the Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive, including under article 1623 of the Civil Code of Québec.
- (7) Subject to Section 7.3 and Section 8.5, the Parent and the Purchaser each hereby expressly acknowledges and agrees that, upon any termination of this Agreement under circumstances where the Parent is entitled to the Termination Fee and such Termination Fee is paid in full within the prescribed time period, such Termination Fee is the sole and exclusive monetary remedy of the Parent and the Purchaser against the Company, any of its affiliates and its former, current or future directors, officers, employees, affiliates, partners, general or limited partners, shareholders, stockholders, equity holders, controlling Persons, managers, members or agents (collectively, the “**Company Related Parties**”) in respect of this Agreement, all breaches of this Agreement and the failure of the transactions contemplated herein to be consummated (including with respect to any loss suffered as a result of the failure of the Arrangement to be consummated or for a breach or failure to perform hereunder or the termination of this Agreement) and none of the Company Related Parties will have any liability or obligation to the Parent and the Purchaser relating to or arising out of this Agreement or the transactions contemplated hereby or any matters forming the basis for such termination. Notwithstanding anything in this Agreement to the contrary, while the Parent and the Purchaser may pursue both a grant of specific performance in accordance with Section 8.5 and the payment of the Termination Fee under Section 8.2(2), under no circumstances shall the Parent and the Purchaser be permitted or entitled to receive both a grant of specific performance of the Company’s obligation to complete the transactions contemplated hereby and any monetary damages, including all or any portion of the Termination Fee.
- (8) Notwithstanding anything to the contrary set forth in this Agreement, but subject to Section 8.5, the Company expressly acknowledges and agrees that, the right of the Company to receive the Reverse Termination Fee pursuant to Section 8.2(4) shall be the sole and exclusive remedy (including damages, specific performance and injunctive relief) of the Company and its affiliates against the Purchaser, the Parent, any of their respective affiliates and any of their respective former, current or future directors, officers, employees, affiliates, partners, general or limited partners, shareholders, stockholders, equity holders,

controlling Persons, managers, members or agents (collectively, the “**Purchaser Related Parties**”) in respect of this Agreement, any agreement executed in connection herewith, all breaches of this Agreement or any agreement executed in connection herewith and the failure of the transactions contemplated herein or therein to be consummated (including with respect to any loss suffered as a result of the failure of the Arrangement to be consummated or for a breach or failure to perform hereunder, in any case whether willfully, intentionally, unintentionally or otherwise) or the termination of this Agreement or any agreement executed in connection herewith, and (i) none of the Purchaser Related Parties will have any liability or obligation to the Company relating to or arising out of this Agreement, any agreement executed in connection herewith or the transactions contemplated hereby and thereby or any matters forming the basis for such termination; and (ii) neither the Company nor any other Person will be entitled to bring or maintain any actions, claims or proceedings against the Purchaser or any Purchaser Related Party arising out of this Agreement, any agreement executed in connection herewith, the transactions contemplated hereby and thereby or any matters forming the basis for such termination. In no event will any of the Company’s or its affiliates’ representatives or any other Person acting on their behalf seek or obtain, nor will any Person be entitled to seek or obtain, any monetary recovery, fee or award against the Purchaser Related Parties for, or with respect to, this Agreement or the transactions contemplated hereby and thereby, the termination of this Agreement, the failure to consummate the Arrangement or any claims or actions under applicable Law arising out of such breach, termination or failure.

- (9) If the Company fails to pay the Termination Fee or the Purchaser Reimbursement Payment when due and, in order to obtain such payment, the Parent commences a suit that results in a judgment against the Company for the Termination Fee or the Purchaser Reimbursement Payment, the Company shall pay to the Parent its costs and expenses (including attorneys’ fees) in connection with such suit, together with interest on the amount of such or portion thereof at the prime rate of the Royal Bank of Canada in effect on such date such payment was required to be made through the date of payment.
- (10) If the Purchaser fails to pay the Reverse Termination Fee when due and, in order to obtain such payment, the Company commences a suit that results in a judgment against the Purchaser for the Reverse Termination Fee, the Purchaser or the Parent shall pay to the Company its costs and expenses (including attorneys’ fees) in connection with such suit, together with interest on the amount of such or portion thereof at the prime rate of the Royal Bank of Canada in effect on such date such payment was required to be made through the date of payment.
- (11) The Company confirms that other than the fees disclosed in the Company Disclosure Letter, no broker, finder or investment banker is or will be entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement.

### **Section 8.3 Notices**

Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier, facsimile or email and addressed:

(a) if to the Company at:

Imaflex, Inc.  
5710 Notre Dame West  
Montréal, QC H4C 1V2  
Canada  
Attention: Joseph Abbandonato  
Email: **[Redacted – Confidential Information]**

with a copy to:

Lavery, de Billy, L.L.P.  
Suite 4000  
1, Place Ville Marie  
Montréal, QC H3B 4M4  
Canada

Attention: Josianne Beaudry  
Email: [jbeaudry@lavery.ca](mailto:jbeaudry@lavery.ca)

(b) if to the Purchaser and the Parent at:

Soteria Flexibles Corp.  
205 E. Fullerton Avenue  
Carol Stream, Illinois 60188  
United States of America

Attention: Brad Herbolsheimer  
Email: **[Redacted – Confidential Information]**

with a copy to:

Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, ON M5L 1B9  
Canada

Attention: Mario Nigro / John Lee  
Email: [mnigro@stikeman.com](mailto:mnigro@stikeman.com) / [jylee@stikeman.com](mailto:jylee@stikeman.com)

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by email, on the date of confirmation of transmission by the originating email if such confirmation is prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of

that notice or other communication to a Party. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing.

#### **Section 8.4 Time of the Essence**

Time is of the essence in this Agreement.

#### **Section 8.5 Injunctive Relief**

- (1) The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement, without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.
- (2) Each Party hereby agrees not to raise any objections to the availability of the equitable remedies provided for herein and the Parties further agree that:
  - (a) under no circumstances will the Company (collectively with all its respective affiliates) be entitled to both a grant of specific performance or other equitable remedies of the type described in this Section 8.5 and any monetary damages, including all or a portion of the Reverse Termination Fee; and
  - (b) nothing set forth in this Section 8.5 shall require any Party hereto to institute any suit, claim, action or other proceeding for (or limit any Party's right to institute any such suit, claim, action or other proceeding for) specific performance under this Section 8.5 prior or as a condition to exercising any termination right under this Agreement (and/or receipt of any amounts due in connection with such termination), nor shall the commencement of any suit, claim, action or other proceeding pursuant to this Section 8.5 or anything set forth in this Section 8.5 restrict or limit any Party's right to terminate this Agreement in accordance with the terms hereof.

#### **Section 8.6 Third Party Beneficiaries**

- (1) Except as provided in Section 4.10 which, without limiting its terms, is intended as stipulations for the benefit of the third Persons mentioned in such provisions (such third Persons referred to in this Section 8.6 as the "**Third Party Beneficiaries**"), the Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.
- (2) Despite the foregoing, the Parties acknowledge to each of the Third Party Beneficiaries their direct rights against the applicable Party under Section 4.10, which are intended for the benefit of, and shall be enforceable by, each Third Party Beneficiary, his or her heirs

and his or her legal representatives, and for such purpose, the Company confirms that it is acting as agent on their behalf, and agrees to enforce such provisions on their behalf.

### **Section 8.7 Waiver**

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

### **Section 8.8 Entire Agreement**

This Agreement, together with the Company Disclosure Letter and the Confidentiality Agreement, constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

### **Section 8.9 Successors and Assigns**

- (1) This Agreement becomes effective only when executed by the Company, the Purchaser and the Parent. After that time, it will be binding upon and enure to the benefit of the Company, the Purchaser and the Parent and their respective successors and permitted assigns.
- (2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties. Notwithstanding the foregoing, the Company agrees that the Parent or the Purchaser may assign all or any part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, any of its affiliates, provided that it shall continue to be liable jointly and severally with such affiliate for all of its obligations hereunder.

### **Section 8.10 Severability**

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

## **Section 8.11 Governing Law**

- (1) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein.
- (2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Québec courts situated in the City of Montreal and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

## **Section 8.12 Rules of Construction**

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

## **Section 8.13 No Liability**

No director, officer, employee or representative of the Purchaser, the Parent or any of their affiliates shall have any personal liability whatsoever to the Company under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Purchaser or the Parent. No director, officer, employee or representative of the Company or any of its Subsidiaries shall have any personal liability whatsoever to the Purchaser or the Parent under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Company or any of its Subsidiaries.

## **Section 8.14 Language**

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.

## **Section 8.15 Counterparts**

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or electronic transmission (including email)) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy (including email) of this Agreement, and such facsimile or similar executed electronic copy (including email) shall be legally effective to create a valid and binding agreement between the Parties.

**[Remainder of page intentionally left blank. Signature page follow.]**

**IN WITNESS WHEREOF** the Parties have executed this Arrangement Agreement as of the date first written above.

**SOTERIA FLEXIBLES CORP.**

By: *(signed) Brad Herbolsheimer*

Authorized Signing Officer

**SOTERIA FLEXIBLES ACQUIRECO LTD.**

By: *(signed) Brad Herbolsheimer*

Authorized Signing Officer

**IMAFLEX INC.**

By: *(signed) Joseph Abbandonato*

Authorized Signing Officer

## SCHEDULE A PLAN OF ARRANGEMENT

### PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT

#### ARTICLE 1 INTERPRETATION

##### **1.1 Definitions**

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings specified in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

**“Affected Securities”** means, collectively, the Shares and Company Options.

**“Affected Securityholders”** means, collectively, the Shareholders and the holders of Company Options.

**“affiliate”** has the meaning ascribed thereto in Regulation 45-106 *respecting Prospectus Exemptions*.

**“Arrangement”** means the arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of the Arrangement Agreement and Section 5.1 or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

**“Arrangement Agreement”** means the arrangement agreement made as of December 17, 2025 among the Company, the Purchaser and the Parent (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms.

**“Arrangement Resolution”** means the special resolution approving this Plan of Arrangement considered at the Company Meeting by Shareholders.

**“Articles of Arrangement”** means the articles of arrangement of the Company in respect of the Arrangement required by the CBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably.

**“Authorization”** means with respect to any Person, any order, permit, approval, consent, waiver, licence, registration, qualification, certification or similar authorization of any Governmental Entity having jurisdiction over the Person.

**“Business Day”** means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Montreal, Québec or Carol Stream, Illinois.

**“CBCA”** means the *Canada Business Corporations Act*.

**“Certificate of Arrangement”** means the certificate of arrangement issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement.

**“Code”** means the United States Internal Revenue Code of 1986.

**“Company”** means Imaflex, Inc., a corporation existing under the laws of Canada.

**“Company Disclosure Letter”** means the disclosure letter dated the date of the Arrangement Agreement and all schedules, exhibits and appendices thereto, delivered by the Company to the Purchaser with the Arrangement Agreement.

**“Company Meeting”** means the special meeting of Shareholders called and held in accordance with the Interim Order to consider the Arrangement Resolution.

**“Company Options”** means the outstanding options to purchase Shares issued pursuant to the Stock Option Plan as set forth in the Company Disclosure Letter.

**“Consideration”** means \$2.35 in cash per Share.

**“Court”** means the Superior Court of Québec, or other court as applicable.

**“Depository”** means Computershare Trust Company of Canada or such other Person as the Purchaser may appoint to act as depositary in relation to the Arrangement, with the approval of the Company, acting reasonably.

**“Director”** means the Director appointed pursuant to Section 260 of the CBCA.

**“Dissent Rights”** has the meaning specified in Section 3.1.

**“Dissenting Shareholder”** means a registered Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Shares in respect of which Dissent Rights are validly exercised by such registered Shareholder.

**“Effective Date”** means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

**“Effective Time”** means 12:01 a.m. (Montreal time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

**“Final Order”** means the final order of the Court approving the Arrangement.

**“Governmental Entity”** means: (i) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public body, authority, department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, minister, ministry, governor in council, cabinet, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the above; (iii) any quasi-governmental, administrative or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (iv) any stock exchange.

**“Interim Order”** means the interim order of the Court providing for, among other things, the calling and holding of the Company Meeting.

**“Law”** means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, Authorization, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, instruments, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise.

**“Lien”** means any mortgage, charge, pledge, encumbrance, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, or lien (statutory or otherwise), defect of title, restriction or adverse right or claim or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

**“Letter of Transmittal”** means the letter of transmittal sent to Shareholders for use in connection with the Arrangement.

**“Parent”** means Soteria Flexibles Corp., a corporation existing under the laws of the State of Delaware, United States of America.

**“Parties”** means, collectively, the Company, the Purchaser and the Parent and **“Party”** means any one of them.

**“Person”** includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

**“Plan of Arrangement”** means this plan of arrangement proposed under Section 192 of the CBCA, and any amendments or variations made in accordance with the Arrangement Agreement and Section 5.1 or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

**“Purchaser”** means Soteria Flexibles AcquireCo Ltd., a corporation existing under the laws of the Province of Ontario.

**“Shareholders”** means the registered and/or beneficial holders of Shares, as the context requires.

**“Stock Option Plan”** means the Stock Option Plan of the Company adopted as of May 10, 2017.

**“Shares”** means the common shares in the capital of the Company and includes, for greater certainty, any Shares issued upon the valid exercise of Company Options.

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

## **1.2    Certain Rules of Interpretation**

In this Plan of Arrangement, unless otherwise specified:

- (1) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.
- (2) **Currency.** All references to dollars or to \$ are references to Canadian dollars, unless specified otherwise.
- (3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) **Certain Phrases, etc.** The words (i) "including", "includes" and "include" mean "including (or includes or include) without limitation," (ii) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of," and (iii) unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.
- (5) **Statutes.** Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (6) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (7) **Time References.** References to time herein or in any Letter of Transmittal are to local time, Montreal, Québec.

## **ARTICLE 2 THE ARRANGEMENT**

### **2.1 Arrangement Agreement**

This Plan of Arrangement is made pursuant to the Arrangement Agreement.

### **2.2 Binding Effect**

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on the Purchaser, the Parent, the Company, all holders and beneficial owners of Shares and Company Options including Dissenting Shareholders, the register and transfer agent of the Company, the Depositary and all other Persons, at and after, the Effective Time without any further act or formality required on the part of any Person.

## 2.3 Arrangement

At the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

- (a) each Company Option outstanding immediately prior to the Effective Time (whether vested or unvested), notwithstanding the terms of the Stock Option Plan, shall be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a holder of Company Options, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount by which the Consideration exceeds the exercise price of such Company Option, less applicable withholdings, and each such Company Option shall immediately be cancelled and, for greater certainty, where such amount is a negative, neither the Company nor the Purchaser shall be obligated to pay the holder of such Company Option any amount in respect of such Company Option, and:
  - (i) each holder of Company Options shall cease to be a holder of such Company Options;
  - (ii) such holder's name shall be removed from each applicable register;
  - (iii) the Stock Option Plan and all agreements relating to the Company Options shall be terminated and shall be of no further force and effect, and;
  - (iv) such holder shall thereafter have only the right to receive the consideration to which they are entitled pursuant to Section 2.3(a) at the time and in the manner specified in Section 2.3(a);
- (b) each of the Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser in consideration for a debt claim against the Purchaser for the amount determined under Article 3, and:
  - (i) such Dissenting Shareholders shall cease to be the holders of such Shares and to have any rights as holders of such Shares other than the right to be paid fair value by the Purchaser for such Shares as set out in Section 3.1;
  - (ii) such Dissenting Shareholders' names shall be removed as the holders of such Shares from the registers of Shares maintained by or on behalf of the Company; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Shares free and clear of all Liens, and shall be entered in the register of Shares maintained by or on behalf of the Company;
- (c) each Share outstanding immediately prior to the Effective Time, other than Shares held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised and any Shares held by the Purchaser and any of its affiliates, shall, without any further action by or on behalf of a Shareholder, be deemed to be

assigned and transferred by the holder thereof to the Purchaser in exchange for the Consideration, and:

- (i) the holders of such Shares shall cease to be the holders of such Shares and to have any rights as holders of such Shares other than the right to be paid the Consideration by the Purchaser in accordance with this Plan of Arrangement;
- (ii) such holders' names shall be removed from the register of the Shares maintained by or on behalf of the Company; and
- (iii) the Purchaser shall be deemed to be the transferee of such Shares (free and clear of all Liens) and shall be entered in the register of the Shares maintained by or on behalf of the Company.

## **2.4 Adjustment to Consideration**

If, on or after the date of the Arrangement Agreement, the Company sets a record date for any dividend or other distribution on the Shares that is prior to the Effective Date or the Company pays any dividend or other distribution on the Shares prior to the Effective Time, then: (i) to the extent that the amount of such dividends or distributions per Share does not exceed the Consideration, the Consideration shall be reduced by the amount of such dividends or distributions; and (ii) to the extent that the amount of such dividends or distributions per Share exceeds the Consideration, such excess amount shall be placed in escrow for the account of the Purchaser or another Person designated by the Purchaser.

## **ARTICLE 3 RIGHTS OF DISSENT**

### **3.1 Rights of Dissent**

Registered Shareholders may exercise dissent rights with respect to the Shares held by such holders ("Dissent Rights") in connection with the Arrangement pursuant to and in the manner set forth in Section 190 of the CBCA, as modified by the Interim Order and this Section 3.1; provided that, notwithstanding subsection 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in subsection 190(5) of the CBCA must be received by the Company not later than 5:00 p.m. (Montreal time) two Business Days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time). Dissenting Shareholders who duly exercise their Dissent Rights shall be deemed to have transferred the Shares held by them and in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all Liens, as provided in Section 2.3(b) and if they:

- (a) ultimately are entitled to be paid fair value for such Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.3(b)); (ii) will be entitled to be paid the fair value of such Shares, which fair value, notwithstanding anything to the contrary contained in Part XV of the CBCA, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Shares; or

- (b) ultimately are not entitled, for any reason, to be paid fair value for such Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Shares.

### **3.2 Recognition of Dissenting Shareholders**

- (a) In no circumstances shall the Purchaser, the Parent or the Company or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Shares in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall the Purchaser, the Parent or the Company or any other Person be required to recognize Dissenting Shareholders as holders of Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(b), and the names of such Dissenting Shareholders shall be removed from the registers of holders of the Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(b) occurs. In addition to any other restrictions under Section 190 of the CBCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Company Options; and (ii) Shareholders who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution (but only in respect of such Shares).

## **ARTICLE 4 CERTIFICATES AND PAYMENTS**

### **4.1 Payment of Consideration**

- (a) Prior to the filing of the Articles of Arrangement, the Purchaser shall deposit, or arrange to be deposited, for the benefit of Shareholders, cash with the Depositary in the aggregate amount equal to the payments in respect of Shares required by this Plan of Arrangement (other than in respect of Shares held by a Dissenting Shareholder and any Shares held by the Purchaser and any of its affiliates).
- (b) Upon surrender to the Depositary for cancellation of a certificate or DRS Advice which immediately prior to the Effective Time represented outstanding Shares that were transferred pursuant to Section 2.3(c), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the Shareholders represented by such surrendered certificate or DRS Advice shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, the cash which such holder has the right to receive under this Plan of Arrangement for such Shares, less any amounts withheld pursuant to Section 4.3, and any certificate or DRS Advice so surrendered shall forthwith be cancelled.
- (c) On or as soon as practicable after the Effective Date, the Company shall deliver, to each holder of Company Options as reflected on the register maintained by or on behalf of the Company in respect of Company Options, the cash payment, if any, which such holder of Company Options has the right to receive under this Plan of Arrangement for such Company Options, less any amount withheld pursuant to Section 4.3; pursuant to the normal payroll practices and procedures

of the Company; provided, however, in the case of any cash payments pursuant to Section 2.3(a) which constitute non-qualified deferred compensation under Section 409A of the Code, the Depositary shall deliver, on behalf of the Company, such amounts at the earliest time permitted under the terms of the applicable agreement, plan or arrangement that will not trigger a tax or penalty under Section 409A of the Code.

- (d) Until surrendered as contemplated by this Section 4.1, each certificate or DRS Advice that immediately prior to the Effective Time represented Shares, shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate or DRS Advice as contemplated in this Section 4.1, less any amounts withheld pursuant to Section 4.3. Any such certificate or DRS Advice formerly representing Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former Shareholder of any kind or nature against or in the Company, the Purchaser or the Parent. On such date, all cash to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser or the Company, as applicable, and shall be paid over by the Depositary to the Purchaser or as directed by the Purchaser.
- (e) Any payment made by way of cheque by the Depositary pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Date, and any right or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable consideration for the Affected Securities pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser or the Company, as applicable, for no consideration.
- (f) No holder of Affected Securities shall be entitled to receive any consideration with respect to such Affected Securities other than any cash payment to which such holder is entitled to receive in accordance with Section 2.3 and this Section 4.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

## **4.2 Lost Certificates**

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, cash deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash is to be delivered shall as a condition precedent to the delivery of such cash, give a bond satisfactory to the Purchaser and the Depositary (each acting reasonably) in such sum as the Purchaser may direct (acting reasonably), or otherwise indemnify the Purchaser and the Company in a manner satisfactory to Purchaser and the Company, each acting reasonably, against any claim that may be made against the Purchaser and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

#### **4.3 Withholding Rights**

The Purchaser, the Company and the Depositary, as applicable, shall be entitled to deduct and withhold from any amount otherwise payable or deliverable to any Person under this Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 3.1), such amounts as the Purchaser, the Company or the Depositary, as applicable, are required to deduct and withhold, or reasonably believe to be required to deduct and withhold, from such amount otherwise payable or deliverable under any provision of any Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted to the appropriate Governmental Entity, such amounts shall be treated for all purposes under the Arrangement Agreement and this Plan of Arrangement as having been paid to the Person to whom such amounts would otherwise have been paid.

#### **4.4 No Liens**

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

#### **4.5 Paramountcy**

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all Affected Securities issued or outstanding prior to the Effective Time, (b) the rights and obligations of the Affected Securityholders, the Company, the Purchaser, the Parent, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Affected Securities shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

### **ARTICLE 5 AMENDMENTS**

#### **5.1 Amendments to Plan of Arrangement**

- (a) The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by the Company and the Purchaser, each acting reasonably, (iii) filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to the Affected Securityholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to the Company Meeting (provided that the Company or the Purchaser, as applicable, shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Shareholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former holder of Affected Securities.

## **ARTICLE 6** **FURTHER ASSURANCES**

### **6.1 Further Assurances**

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

**SCHEDULE B**  
**ARRANGEMENT RESOLUTION**

**BE IT RESOLVED THAT:**

1. The arrangement (the “**Arrangement**”) under Section 192 of the *Canada Business Corporations Act* (the “**CBCA**”) of Imaflex, Inc. (the “**Company**”), pursuant to the arrangement agreement (the “**Arrangement Agreement**”) among the Company, Soteria Flexibles AcquireCo Ltd. and Soteria Flexibles Corp. dated December 17, 2025, all as more particularly described and set forth in the management information circular of the Company dated [●], 2025 (the “**Circular**”), accompanying the notice of this meeting (as the Arrangement may be modified or amended in accordance with its terms) is hereby authorized, approved and adopted.
2. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the “**Plan of Arrangement**”)), the full text of which is set out in Appendix [●] to the Circular, is hereby authorized, approved and adopted.
3. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.
4. The Company be and is hereby authorized to apply for a final order from the Superior Court of Québec (the “**Court**”) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Court, the directors of the Company are hereby authorized and empowered to, at their discretion, without notice to or approval of the shareholders of the Company: (i) amend, modify or supplement the Arrangement Agreement or the Plan Arrangement to the extent permitted by the Arrangement Agreement; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.
6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver for filing with the Director under the CBCA articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.
7. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

**SCHEDULE C**  
**REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

1. **Organization and Qualification.** The Company and each of its Subsidiaries is a corporation or other entity duly incorporated or organized, as applicable, and validly existing under the laws of the jurisdiction of its incorporation, organization or formation, as applicable, and has the requisite power and capacity to own and lease its assets and properties and conduct its business as now conducted. The Company and each of its Subsidiaries is duly registered to carry on business in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or operated by it, or the nature of its activities make such registration necessary, and has all Authorizations required to own, sublease, lease and operate its properties and assets and to conduct its business as now owned and conducted, except as to the extent that any failure of the Company or any of its Subsidiaries to be so qualified, licensed or registered or to possess such Authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company and each of its Subsidiaries has delivered to the Purchaser and Parent true, correct, and complete copies of its Constating Documents.
2. **Corporate Authorization.** The Company has the requisite corporate power and authority to enter into this Agreement and (subject to obtaining approval of the Shareholders of the Arrangement Resolution in the manner required by the Interim Order and approval of the Court) to perform its obligations under this Agreement and to complete the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation by the Company of the Arrangement and the other transactions contemplated hereby have been duly authorized by the Board and no other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery by it of this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby other than approval by the Board of the Company Circular, approval by the Shareholders in the manner required by the Interim Order and approval by the Court.
3. **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Company, and constitutes a legal, valid and binding agreement of the Company enforceable against it in accordance with its terms subject to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. **Governmental Authorization.** The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Company or by any of its Subsidiaries other than: (i) the Interim Order and any filings required in order to obtain, and approvals required by, the Interim Order; (ii) the Final Order, and any filings required in order to obtain the Final Order; (iii) filings with the Director under the CBCA; (iv) filings with the Securities Authorities and the TSX-V; and (v) any Authorizations which, if not obtained, or any other actions by or in respect of, or filings with, or notifications to, any Governmental Entity which, if not taken or made, would not, individually or in the aggregate, have a Material Adverse Effect.

5. **Non-Contravention.** The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

- (a) contravene, conflict with, or result in any violation or breach of the Constituting Documents of the Company or any of its Subsidiaries;
- (b) assuming compliance with the matters referred to in Paragraph 4 above, contravene, conflict with or result in a violation or breach of any Law applicable to the Company or its Subsidiaries or any of their respective properties or assets;
- (c) other than as set forth in Section 5(c) of the Company Disclosure Letter, require any notice or consent or approval by any Person under, contravene, conflict with, violate, breach or constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Company or any of its Subsidiaries is entitled under, create any liability or obligation of the Company or any of its Subsidiaries, or give rise to any rights of first refusal or trigger any change in control provisions or restriction under, (i) any provision of any Material Contract, (ii) any material Authorization to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound, or (iii) any other instrument binding upon the Company or any of its Subsidiaries or affecting any of their respective assets, which, if triggered, would have a Material Adverse Effect; or
- (d) result in the creation or imposition of any Lien on any asset or property of the Company or any of its Subsidiaries.

6. **Capitalization.**

- (a) The authorized capital of the Company consists of an unlimited number of Shares. As of the close of business on the date of this Agreement, there were 52,088,637 Shares issued and outstanding on a non-diluted basis. All outstanding Shares have been duly authorized and validly issued, are fully paid and non-assessable. No Shares have been issued in violation of any Law or any pre-emptive or similar rights applicable to them.
- (b) As of the close of business on the date of this Agreement, there were 500,000 Shares issuable upon the exercise of outstanding Company Options. Section 6(b) of the Company Disclosure Letter contains a list of the Company Options, with details regarding the holders thereof, grant date, exercise price, whether such Company Options are vested or unvested, vesting schedule and expiry date. The Stock Option Plan and the issuance of securities under such plan (including all outstanding Company Options) have been duly authorized by the Board in compliance with Law and the terms of the Stock Option Plan and have been recorded on the Company's financial statements in accordance with IFRS, and no such grants involved any "back dating," "forward dating," "spring loading," or similar practices.

- (c) Except for the rights under the Stock Option Plan, including outstanding Company Options, there are no:
- (i) options, equity-based awards, warrants, debentures, conversion, pre-emptive, redemption, repurchase, stock appreciation or other rights, or any other agreements, arrangements, instruments or commitments of any kind to which the Company or any of its Subsidiaries are a party that obligate the Company or any of its Subsidiaries to, directly or indirectly, issue or sell any securities of the Company or of any of its Subsidiaries, or give any Person a right to subscribe for or acquire, any securities of the Company or of any of its Subsidiaries;
  - (ii) obligations of the Company or of any of its Subsidiaries to repurchase, redeem or otherwise acquire any securities of the Company or of any of its Subsidiaries, or qualify securities for public distribution in Canada, the U.S. or elsewhere, or, other than as contemplated by this Agreement, with respect to the voting or disposition of any securities of the Company or of any of its Subsidiaries; or
  - (iii) notes, bonds, debentures or other evidences of indebtedness or any other agreements, arrangements, instruments or commitments of any kind that give any Person, directly or indirectly, the right to vote with holders of Shares on any matter except as required by Law.
- (d) All dividends or distributions on the securities of the Company that have been declared or authorized have been paid in full.

7. **Shareholders' and Similar Agreements.** Neither the Company nor any of its Subsidiaries is subject to, or affected by, any unanimous shareholders agreement involving a Person other than the Company or any of its Subsidiaries and is not a party to any shareholder, pooling, voting, or other similar arrangement or agreement relating to the ownership or voting of any of the securities of the Company or of any of its Subsidiaries other than as between the Company and any of its Subsidiaries or pursuant to which any Person other than the Company or any of its Subsidiaries may have any right or claim in connection with any existing or past equity interest in the Company or in any of its Subsidiaries.

8. **Subsidiaries.**

- (a) The following information with respect to each Subsidiary is accurately set out in Section 8 of the Company Disclosure Letter: (i) its name; (ii) the percentage owned directly or indirectly by the Company and the percentage owned by registered holders of capital stock or other equity interests if other than the Company and its Subsidiaries; and (iii) its jurisdiction of incorporation, organization or formation.
- (b) The Company is, directly or indirectly, the registered and beneficial owner of all of the outstanding common shares or other equity interests as reflected as being owned by the Company, directly or indirectly, of each of its Subsidiaries, free and clear of any Liens, other than Permitted Liens and all such shares or other equity interests so owned by the Company have been validly issued and are fully paid and non-assessable, as the case may be, and no such shares or other equity

interests have been issued in violation of any pre-emptive or similar rights. Except for the shares or other equity interests owned by the Company in any Subsidiary, the Company does not own, beneficially or of record, any equity interests of any kind in any other Person.

- (c) The Subsidiaries listed in Section 8 of the Company Disclosure Letter are the only Subsidiaries of the Company.
9. **Securities Law Matters.** The Company is a “reporting issuer” in the provinces of Québec, Alberta and British Columbia. The Shares are listed and posted for trading on the TSX-V and trading of the Shares is not currently halted or suspended. Neither the Company nor any of its Subsidiaries is subject to any continuous or periodic, or other disclosure requirements under any securities laws in any jurisdiction other than the Company as set forth above. The Company is not in default of any material requirements of any Securities Laws or the rules and regulations of TSX-V. The Company has not taken any action to cease to be a reporting issuer in any province or territory of Canada nor has the Company received notification from any Securities Authority seeking to revoke the reporting issuer status of the Company. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Company is pending, in effect or, to the knowledge of the Company, has been threatened, and the Company is not currently subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. The Company has timely filed all material forms, reports, schedules, statements and other documents required to be filed under Securities Laws with the appropriate Governmental Entity since January 1, 2023. The documents comprising the Company Filings complied as filed in all material respects with Law and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any Misrepresentation. The Company has not filed any confidential material change report which at the date of this Agreement remains confidential or any other confidential filings filed with any Securities Authority. There are no outstanding or unresolved comments in comment letters from any Securities Authority with respect to any of the Company Filings and neither the Company nor any of the Company Filings is subject of an ongoing audit, review, comment or investigation by any Securities Authority or TSX-V.

10. **Financial Statements.**

- (a) The Company's audited consolidated financial statements as at and for the fiscal years ended December 31, 2024 and 2023 (including any of the notes or schedules thereto, the auditor's report thereon and related management's discussion and analysis) and the Interim Financial Statements (including any of the notes or schedules thereto and related management's discussion and analysis) publicly filed by or on behalf of the Company on SEDAR+: (i) were prepared in accordance with IFRS; (ii) present fairly, in all material respects, the assets, liabilities (whether accrued, absolute, contingent or otherwise) and the financial position of the Company and its Subsidiaries on a consolidated basis as at the respective dates thereof and the revenues, results of operations, changes in shareholders' equity and cash flow of the Company and its Subsidiaries on a consolidated basis for the periods covered thereby (except as may be indicated in the notes to such financial statements); and (iii) there have been no changes in accounting methods, policies or practices of the Company or its Subsidiaries since December 31, 2024 except in accordance with IFRS. The Company has not

corrected, amended or restated any aspect of its financial statements. The Company does not intend to correct or restate, nor, to the knowledge of the Company is there any basis for any correction or restatement of, any aspect of any of the financial statements referred to in this Paragraph 10(a). There are no, nor are there any commitments to become a party to, any off-balance sheet transaction, arrangement, obligation (including contingent obligations) or other relationship of the Company or any of its Subsidiaries with unconsolidated entities or other Persons.

- (b) The financial books, records and accounts of the Company and each of its Subsidiaries: (i) have been maintained, in all material respects, in accordance with IFRS or the accounting principles generally accepted in the country of domicile of each such entity on a basis consistent with prior years; (ii) are stated in reasonable detail; (iii) accurately and fairly reflect all the material transactions, acquisitions and dispositions of the Company and its Subsidiaries; and (iv) accurately and fairly reflect the basis of the Company's financial statements.

11. **Disclosure Controls and Internal Control over Financial Reporting.** The Company has established and maintains a system of internal controls and procedures over financial reporting which are appropriate for the size and nature of the business of the Company and its Subsidiaries and which are sufficient to provide reasonable assurance: (a) that information required to be disclosed by the Company in its annual filings or interim filings or other reports filed or submitted by it under Securities Laws is recorded, processed, summarized and reported within the time periods specified in Securities Laws; (b) that financial information relating to the Company and its Subsidiaries is accurate and reliable and is made known to the Chief Executive Officer and the Head of Finance of the Company by others within those entities, particularly during the periods in which filings are being prepared; (c) regarding the accuracy and reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS; (d) that transactions are executed in accordance with management's general or specific authorization; and (e) that transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS on a basis consistent with past practice and to maintain accountability for assets. None of the Company, nor any of its Subsidiaries, or to the knowledge of the Company, any director, officer, auditor, accountant or representative of the Company or any of its Subsidiaries has received or otherwise obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding accounting, internal accounting controls or auditing matters, including any material complaint, allegation, assertion or claim that the Company or any of its Subsidiaries has engaged in questionable accounting or auditing practices, or any express of concern from its employees regarding questionable accounting or auditing matters. The auditors of the Company are independent public accountants as required by applicable Laws and there is not now, and there has never been, any reportable event (as defined in *Regulation 51-102 respecting Continuous Disclosure Obligations*) with the present or any former auditors of the Company.

12. **No Undisclosed Liabilities.**

- (a) There are no liabilities or obligations of the Company or of any of its Subsidiaries of any nature, whether accrued, contingent, absolute, determined, determinable or otherwise, other than liabilities or obligations: (i) disclosed in the financial

statements set forth in Paragraph 10 of this Schedule "C"; (ii) incurred in the Ordinary Course since June 30, 2025; or (iii) incurred in connection with this Agreement. The principal amount of all indebtedness for borrowed money of the Company and its Subsidiaries as of June 30, 2025, including capital leases, but excluding Company Leases, is disclosed in Section 12 of the Company Disclosure Letter. Neither the Company nor any of its Subsidiaries have any obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity swaps or options, equity or equity index swaps or options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions or currency option or any other similar transactions (including any option with respect to any such transactions) or any combination of such transactions.

- (b) As at the Effective Time, (i) the Company Cash, before the payments provided for under Section 6.2(10) of the Agreement, is greater than or equal to C\$10,800,000; (ii) there is no Company Debt outstanding; (iii) the Company Capital Lease Obligations do not exceed C\$5,900,000; and (iv) the Company Transaction Expenses do not exceed C\$2,000,000.
- 13. **Absence of Certain Changes or Events.** Since December 31, 2024, other than the transactions contemplated by this Agreement, the business of the Company and of each of its Subsidiaries has been conducted in the Ordinary Course and there has not occurred any of the changes or events listed in Section 4.1(2) of the Agreement nor a Material Adverse Effect.
- 14. **Related Party Transactions.** Neither the Company nor any of its Subsidiaries is indebted to any director, officer, or employee, agent or independent contractor of the Company or any of its Subsidiaries or any of their respective affiliates or associates (except for amounts due in the Ordinary Course as salaries, bonuses, director's fees or the reimbursement of Ordinary Course expenses). Other than the Company Leases set forth in Section 14 of the Company Disclosure Letter, there are no Contracts (other than employment arrangements or other terms of engagement) with, or advances, loans, guarantees, liabilities or other obligations to, on behalf or for the benefit of, any shareholder, officer or director of the Company or any of its Subsidiaries, or any of their respective affiliates or associates.
- 15. **Compliance with Laws.** Except as disclosed in the Company Disclosure Letter, the Company and each of its Subsidiaries is, and has been, in compliance in all material respects with all Laws. Neither the Company nor any of its Subsidiaries is under any investigation with respect to, has been charged or, to the knowledge of the Company, threatened to be charged with, or has received notice of, any violation or potential violation of any Law from any Governmental Entity, and to the knowledge of the Company, there is no state of facts or circumstances that forms a valid basis for any of the foregoing.
- 16. **Authorizations and Licenses.** Except as disclosed in Section 16 of the Company Disclosure Letter, the Company and each of its Subsidiaries own, possess or have obtained all material Authorizations that are required by Law (including Environmental Laws) in connection with the operation of the business of the Company and of each of its Subsidiaries as presently conducted or in connection with the ownership, operation or use of its assets. A list of all such material Authorizations is set forth in Section 16 of the

Company Disclosure Letter. The Company or one of its Subsidiaries, as applicable, lawfully holds, owns or uses, and has complied, in all material respects, with, all such Authorizations. Each such Authorization is valid and in full force and effect, and is renewable by its terms or in the Ordinary Course. To the knowledge of the Company, (i) there are no facts, events or circumstances that may reasonably be expected to result in a failure to obtain or failure to be in compliance with all Authorizations as are necessary to conduct the business of the Company or its Subsidiaries, and (ii) no event has occurred which, with the giving of notice, lapse of time or both, could constitute a default under, or in respect of, any such Authorization. No action, investigation or proceeding is pending, or to the knowledge of the Company, threatened, against the Company or any of its Subsidiaries in respect of or regarding any such Authorization and none of the Company or any of its Subsidiaries has received notice, whether written or oral, of revocation, non-renewal or material amendments of any such Authorization, or of the intention of any Person to revoke, refuse or renew or materially amend any such Authorization.

## 17. **Material Contracts.**

- (a) Section 17 of the Company Disclosure Letter sets out a complete and accurate list of all Material Contracts. True and complete copies of the Material Contracts (including all amendments thereto) have been disclosed in the Data Room, and no such Contract has been rescinded, terminated or materially modified outside of the Ordinary Course.
- (b) Each Material Contract is legal, valid, binding and in full force and effect and is enforceable by the Company or a Subsidiary of the Company, as applicable, in accordance with its terms (subject to bankruptcy, insolvency and other Laws affecting creditors' rights generally, and to general principles of equity). Neither the Company nor any of its Subsidiaries is in breach or default under any Material Contract.
- (c) The Company and each of its Subsidiaries has performed in all material respects all of their respective obligations required to be performed by them under the Material Contracts and neither the Company nor any of its Subsidiaries is in breach or default under any Material Contract, nor does the Company have knowledge of any condition that with the passage of time or the giving of notice or both would result in such a breach or default.
- (d) None of the Company nor any of its Subsidiaries knows of, or has received any notice (whether written or oral) of, any breach or default under nor, to the knowledge of the Company, does there exist any condition which with the passage of time or the giving of notice or both would result in such a breach or default under any such Material Contract by any other party to a Material Contract.
- (e) None of the Company nor any of its Subsidiaries has received notice (whether written or oral), that any party to a Material Contract intends to cancel, terminate or otherwise modify or not renew its relationship with the Company or with any of its Subsidiaries, and, to the knowledge of the Company, no such action has been threatened.
- (f) Except as disclosed in Schedule 5(c) of the Company Disclosure Letter, neither the entering into of this Agreement, nor the consummation of the Arrangement or

the other transactions contemplated hereby will trigger any change of control or similar provision or any material right or obligation under any of the Material Contract.

**18. Supplier and Customer Relations**

- (a) None of the Company nor any of its Subsidiaries has received notice of, and there is not, to the knowledge of the Company, any intention on the part of any Material Supplier or Material Customer or equipment manufacturer to cease doing business with the Company or any of its Subsidiaries or to modify or change in any material manner any existing arrangement with the Company or any of its Subsidiaries for the purchase or supply of any products or services.
- (b) Other than as disclosed under Section 18(b) of the Company Disclosure Letter, the relationships of the Company and its Subsidiaries with their Material Suppliers or Material Customers and equipment manufacturers are satisfactory, and there are no unresolved disputes with any such supplier or customer.
- (c) Since January 1, 2025, there has been no termination or cancellation of, and no modification or change in, the business relationship of the Company or any of its Subsidiaries with any Material Supplier or Material Customer or equipment manufacturer.
- (d) The Company has no reason to believe that the benefits of any relationship with any of the Material Suppliers or Material Customers or equipment manufacturers of the Company or any of its Subsidiaries will not continue after the consummation of the Arrangement and the other transactions contemplated hereby in substantially the same manner as prior to the date of this Agreement.
- (e) Each Contract (including purchase orders and sales orders) between the Company or any of its Subsidiaries, on the one hand, and any Material Supplier or Material Customer, on the other hand, are legal, valid, binding and in full force and effect and is enforceable by the Company or its Subsidiary, as applicable, in accordance with its terms (subject to bankruptcy, insolvency and other Laws affecting creditors' rights generally, and to general principles of equity).

**19. Personal Property.** The Company and its Subsidiaries have valid, good and marketable title to all personal property of any kind or nature which the Company or any of its Subsidiaries purports to own, free and clear of all Liens (other than Permitted Liens). The Company and its Subsidiaries, as lessees, have the right under valid and subsisting leases to use, possess and control all personal property leased by and material to the Company or any of its Subsidiaries as used, possessed and controlled by the Company or its Subsidiaries, as applicable. The assets and properties of the Company and its Subsidiaries include all rights and property necessary to enable the Company and its Subsidiaries to conduct their respective business after the Closing substantially in the same manner as it was conducted prior to the Closing. The material assets and personal properties of the Company and its Subsidiaries are in good condition, repair and (where applicable) proper working order, having regard to their use and age and except for ordinary, routine maintenance and repairs that are not material in nature or cost.

20. **Real Property.**

- (a) Section 20(a) of the Company Disclosure Letter sets forth and describes all real estate property owned by the Company or any of its Subsidiaries, as applicable (the “**Owned Company Real Property**”) and all real estate property leased, subleased, licensed to or otherwise used or occupied by the Company or any of its Subsidiaries, as applicable (the “**Leased Company Real Property**” and together with the Owned Company Real Property, the “**Company Real Property**”), including with respect to any of the Company Real Property: (i) the street address or legal description; (ii) whether the Company Real Property is leased or owned; (iii) the name of the landlord, sublandlord, licensor or grantor, as applicable; (iv) all real estate leases, subleases, licenses, occupancy agreements and other similar agreements of the Company or any of its Subsidiaries, as applicable (collectively, the “**Company Leases**”); (v) any current deposits, letters of credit or other form of security held by the landlords under the Company Leases. The Company or any of its Subsidiaries, as applicable, has good and marketable fee simple title to all Owned Company Real Property and good and valid leasehold interest (or in Québec a valid lease) in all Leased Company Real Property. Other than the Owned Company Real Property, neither the Company or any Subsidiary has ever owned any real property. Other than the Leased Company Real Property and other as disclosed in Section 20(a) of the Company Disclosure Letter, neither the Company or any Subsidiary has ever leased any real property.
- (b) The Owned Company Real Property is free and clear of all Liens, except for Permitted Liens.
- (c) The Company Leases will be terminated at the Effective Time and the Company or any of its Subsidiaries, as applicable, will be granted a full, final and unconditional release by the landlord under the Company Leases with respect to all of the Company’s obligations or any of its Subsidiaries, as applicable under the Company Leases.
- (d) The Data Room contains correct and complete copies of each of the Company Leases. Each Company Lease (immediately prior to the Effective Date) is legal, valid, binding, enforceable and in full force and effect with respect to the Company or any of its Subsidiaries, as applicable, and, to the Company’s knowledge, with respect to each of the other parties thereto. Neither the Company nor any of its Subsidiaries is in default under any Company Lease, and there are no facts or circumstances currently existing which would constitute a default by the Company or any of its Subsidiaries, as applicable, under any Company Lease. To the knowledge of the Company, no other party to any Company Lease is in default under any Company Lease.
- (e) Except as disclosed in Section 20(e) of the Company Disclosure Letter, with respect to each Company Real Property: (i) the Company or any of its Subsidiaries, as applicable, is now in possession of the Company Real Property; (ii) neither the Company nor any of its Subsidiaries has received written notice that any condemnation, eminent domain, expropriation or re-zoning action or proceeding against the Company Real Property is pending or threatened; (iii) neither the Company nor any of its Subsidiaries, as applicable, has received written notice that any alteration, repair, improvement or other work with respect

to any Company Real Property is required to be completed; (iv) there are no subleases, licenses, or other third party use or occupancy rights with respect to the Company Real Property, except where such rights are a recorded encumbrance on title; (v) there are no outstanding amounts payable by the Company or any of its Subsidiaries with respect to any Company Lease, other than the rental payments that are not past-due and expressly set forth in the applicable Company Lease (subject to ordinary course rental adjustments that may have taken place from time to time, as contemplated in the applicable Company Lease); (vi) the Company's and any of its Subsidiaries', as applicable, rights and benefits granted under each Company Real Property has not been disturbed in any material respect; and (vii) there are no parties (other than the Company or its Subsidiaries, as applicable) in possession of any portion of the Company Real Property.

- (f) Except as disclosed in Section 20(f) of the Company Disclosure Letter, all of the buildings, building systems, structures and improvements located on the Company Real Property are suitable for the purposes for which they are currently used with respect to the business of the Company and its Subsidiaries and in good operating condition and repair, reasonable wear and tear excepted and no material repairs or replacements are necessary. The Owned Company Real Property and the Leased Company Real Property constitute all real property currently used by the Company or any of its Subsidiaries with respect to the business of the Company and its Subsidiaries. All certificates of occupancy and other permits or approvals legally required to be held by the Company or any of its Subsidiaries with respect to the occupancy and use of the Company Real Property have been obtained and are currently in effect.
- (g) The Company and its Subsidiaries, as applicable, have complied with all of their respective obligations under any Permitted Liens in respect of the Owned Company Real Property and the building located on the Owned Company Real Property are located wholly within the boundaries of the Owned Company Real Property and there are no improvements on any adjoining lands not owned by the Company or its Subsidiaries that encroach onto the Owned Company Release Property.
- (h) Neither the Company nor any of its Subsidiaries, as applicable, has entered into, nor to the Company's knowledge are there, any agreements, options, contracts or commitments to sell, transfer or otherwise dispose of any Owned Company Real Property or which would restrict the ability of the Company or its applicable Subsidiary to directly or indirectly transfer its legal and/or beneficial interest in and to the whole part or any part of any of the Owned Company Real Property. Except as disclosed in Section 20(f) of the Company Disclosure Letter, to the Company's knowledge, the use or occupancy of each Company Real Property by the Company or its Subsidiaries, as applicable, does not violate in material respects any applicable Laws.

## 21. Intellectual Property and Information Technology.

- (a) Section 21(a) of the Company Disclosure Letter provides a complete and accurate list of all: (i) Registered Intellectual Property constituting Company Intellectual Property (including all issued patents and pending patent applications; trademark

and service mark registrations and applications; industrial design registrations and applications; copyright registrations and applications; and internet domain name registrations) (collectively, the “**Company Registered Intellectual Property**”); (ii) material unregistered Company Intellectual Property, including all trademarks and trade names used and owned by the Company or its Subsidiaries that have not been registered or applied for (indicating for each trademark or trade name the relevant jurisdiction in which it is used, products, services and activities), a brief description of proprietary know-how and trade secrets and all works and subject matter used by the Company or a Subsidiary in which copyright subsists (including software, databases and works of authorship); and (iii) all Licensed Intellectual Property and associated Contracts (collectively “**IP Licenses**”), excluding any software subject to a non-exclusive license agreement for “off-the-shelf” software, or software licensed pursuant to “click through” or similar stock agreements, in each case, that is generally commercially available for a license fee. The Company or one of its Subsidiaries is the sole owner and possesses all right, title and interest in and to the Company Intellectual Property free and clear of all Liens (other than Permitted Liens), adverse claims, any requirement of any past (if outstanding), present or future royalty payments. The Company and Subsidiaries have a right to use the Licensed Intellectual Property pursuant to a valid and enforceable Contract. The Business Intellectual Property constitutes all Intellectual Property necessary to operate the business of the Company and its Subsidiaries as currently conducted. The transaction contemplated by this Agreement and the continued operation of the business of the Company and the Subsidiaries will not violate or breach the terms of any IP License or entitle any other party to any such Contract for Licensed Intellectual Property to terminate or modify it, or otherwise adversely affect the Company’s and/or Subsidiaries’ rights under it. Following Closing, the Company and Subsidiaries will be entitled to continue to use, practice and exercise rights in all of the Business Intellectual Property to the same extent and in the same manner as used, practiced and exercised by the Company and Subsidiaries prior to Closing without any additional financial obligation to any Person.

- (b) (i) The Company and/or its Subsidiaries own all right, title and interest in and to, or have validly licensed (and are not in material breach of such licenses), all Intellectual Property rights that are material to the conduct of the business, as presently conducted, of the Company and its Subsidiaries; (ii) all such Intellectual Property rights that are owned by or licensed to the Company and/or its Subsidiaries are sufficient, in all material respects, for conducting the business, as presently conducted, of the Company and its Subsidiaries; (iii) except as disclosed in Section 21(c) of the Company Disclosure Letter, to the knowledge of the Company, all Intellectual Property rights owned or licensed by the Company and/or its Subsidiaries are valid and enforceable, and to the knowledge of the Company, the carrying on of the business of the Company and its Subsidiaries pursuant to the transactions contemplated by this Agreement and the use by the Company and its Subsidiaries of any of the Intellectual Property rights or Technology owned by or licensed to them does not breach, violate, infringe or interfere with any rights of any other Person; and (iv) to the knowledge of the Company, no third party is infringing upon the Intellectual Property rights owned or licensed by the Company or its Subsidiaries.

- (c) Except as disclosed in Sections 21(a) and 21(c) of the Company Disclosure Letter, each item of Company Registered Intellectual Property (i) is registered and/or recorded in the name of the Company or a Subsidiary, (ii) is validly existing, subsisting and in full force and effect, is not subject to cancellation for failure to use or unauthorized use by third parties, (iii) was diligently prosecuted and validly registered or issued or, in the case of an application, was applied for, in compliance with applicable Law, (iv) has been maintained, renewed or extended to the full extent required and permitted by applicable Law, (v) has no filings, payments or similar actions that must be taken by the Company or any Subsidiary within one hundred twenty (120) days of the Closing for the purposes of obtaining, maintaining, perfecting or renewing such Company Registered Intellectual Property, (vi) has not been and is not involved in any opposition, cancellation, interference, inter partes review, reissue, reexamination or other similar proceeding, and (vii) will be valid, subsisting and in full force and effect on identical terms immediately following Closing. Except as disclosed in Section 21(a) of the Company Disclosure Letter, nothing has been done or omitted to have been done as a result of which any Company Intellectual Property has ceased or might cease to be valid, subsisting and in full force and effect in the Ordinary Course.
- (d) There are no written claims of, and, to the knowledge of the Company, there is no basis for any claims of, adverse ownership, invalidity, absence of a right to register or apply for or other opposition to or conflict with any of the Company Intellectual Property.
- (e) To the knowledge of the Company, no third party (i) infringes, nor has infringed, any Company Intellectual Property or (ii) is committing, nor has committed, any misappropriation, passing off or actionable illegal acts in connection with the Company Intellectual Property.
- (f) To the knowledge of the Company, the Company and its Subsidiaries, and the operation of the business of the Company and Subsidiaries, their products and services (including software and the manufacture, importation, use, offer for sale, sale, licensing, distribution, and other commercial exploitation of such products and services), including the using, exploiting and practicing of the Business Intellectual Property and Technology and Company Intellectual Property, is not infringing, misappropriating or otherwise violating any third party Intellectual Property and has not infringed, misappropriated or otherwise violated any third party Intellectual Property. The Company and Subsidiaries have not received any charge, complaint, claim, demand or notice alleging any interference, infringement, misappropriation or violation with respect to the operation of the business of the Company and Subsidiaries, products, services and/or Business Intellectual Property, nor does the Company know of any valid grounds for any bona fide claims.
- (g) (i) No other Person has the right to use any Company Intellectual Property, save non-exclusive license agreements granted in the Ordinary Course, and (ii) neither the Company nor any of its Subsidiaries has granted any license or other rights to any other Person with respect to the Business Intellectual Property.
- (h) Each of the Company and its Subsidiaries has protected, and does protect, properly and diligently (including measures to protect secrecy and confidentiality)

the Company Intellectual Property and the rights, titles, interests and benefits therein, including, without limitation, by registering Intellectual Property, by contractual means, by physical means and by electronic means. The Company Employees listed in Section 21(h) of the Company Disclosure Letter, have entered into written confidentiality and non-disclosure agreements that include legal obligations of confidentiality to the Company or its Subsidiaries with respect to confidential information. The Company Employee Manual contains provisions requiring all employees to adhere to confidentiality obligations to protect the Company's and its Subsidiaries' confidential information, as the case may be. To the knowledge of the Company, there has been no unauthorized disclosure of or unauthorized access, use or modification of any Company Intellectual Property made in a manner that would prevent the Company or its Subsidiaries or a successor in interest from obtaining a right in respect of any such Intellectual Property that it would otherwise be susceptible to obtain.

- (i) Except as disclosed in Section 21(i) of the Company Disclosure Letter, all employees and independent contractors who participated in creating, authoring, developing, inventing, adapting and/or improving any Company Intellectual Property has irrevocably and validity assigned in writing to the Company or its Subsidiaries all rights, title and interest in and to the applicable Company Intellectual Property. Subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of the Company or any of its Subsidiaries owns or has claimed an interest in any of the Company Intellectual Property, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (j) No Governmental Entity has funded or contributed to the development of Company Intellectual Property so as to grant such Governmental Entity a licence to or a right of ownership or a property interest in such Company Intellectual Property or a right to control, limit, restrict or require any payment in connection with the exercise and full enjoyment of the Company Intellectual Property by the Company or any of its Subsidiaries or that may restrict, limit or impose conditions upon the assignment of the Company Intellectual Property.
- (k) Except as disclosed in Section 31(c) of the Company Disclosure Letter, all computer hardware and associated firmware and operating systems, application software, database engines and processed data, technology infrastructure and other computer systems used in connection with the conduct of the business, as presently conducted, of the Company and its Subsidiaries (collectively, the "**Technology**") is sufficient, in all material respects, (including with respect to working condition and capacity) for conducting the business, as presently conducted, of the Company and its Subsidiaries and does not contain any material defects or Unauthorized Code. The Company and its Subsidiaries have implemented commercially reasonable safeguards to prevent the introduction of any Unauthorized Code into the Technology. The Company and its Subsidiaries own or have validly licensed or leased (and are not in material breach of such licenses or leases) such Technology, and have maintained, in the ordinary course, a sufficient number of license seats for all licensed third party software.
- (l) Except as disclosed in Section 21(l) of the Company Disclosure Letter, there have been no data security incidents, ransomware incidents, or other incidents related

to the Technology or any data of the Company residing thereon. The Company and its Subsidiaries have implemented commercially reasonable data backup, data storage, system redundancy and disaster recovery procedures, as well as a commercially reasonable business continuity plan and, except as disclosed in Section 21(l) of the Company Disclosure Letter, have not experienced any material failure, breakdown, or interruption in the availability or functionality of the Technology. Except as disclosed in Section 31(c) of the Company Disclosure Letter, to the knowledge of the Company, there is no material deficiency in the Company's or its Subsidiaries' cybersecurity measures or policies that could reasonably be expected to result in a material loss of data or a breach of security.

- (m) The Company and its Subsidiaries have in place commercially reasonable cybersecurity measures and policies and such measures and policies reasonably safeguard proper access to, and the security of, the Technology and the data of the Company.

22. **Litigation.** Except as disclosed in Section 22 of the Company Disclosure Letter, there are no, and in the past three years there have not been, any material claims, actions, suits, arbitrations, proceedings, inquiries or investigations pending, or, to the knowledge of the Company threatened, against or involving the Company or any of its Subsidiaries or affecting any of their respective properties or assets by or before any Governmental Entity, nor, to the knowledge of the Company, are there, and in the past three years there have been, any events or circumstances which could reasonably be expected to give rise to any such claim, action, suit, arbitration, proceeding, inquiry or investigation. There are no, and in the past three years there have not been, any material claims, actions, suits, arbitrations, proceedings, inquiries or investigations pending, or, to the knowledge of the Company threatened, against or involving the Company or any of its Subsidiaries or affecting any of their respective properties or assets by or before any Governmental Entity that, if determined adverse to the interests of the Company or its Subsidiaries, could or could reasonably be expected to prevent or delay the consummation of the Arrangement or the transactions contemplated hereby nor, to the knowledge of the Company, are there, and in the past three years there have been, any events or circumstances which could reasonably be expected to give rise to any such claim, action, suit, arbitration, proceeding, inquiry or investigation. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of the Company, threatened against or relating to the Company or any of its Subsidiaries before any Governmental Entity. Neither the Company nor any of its Subsidiaries nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that is material and adverse to the Company or any of its Subsidiaries or that could or could be reasonably expected to prevent or delay the consummation of the Arrangement or the transactions contemplated hereby.

23. **Environmental Matters.** Except as set forth in Section 23 of the Company Disclosure Letter:

- (a) Since January 1, 2021, the Company and each of its Subsidiaries has been and is in compliance, in all material respects, with all Environmental Laws, and has not violated, in any material respect, any Environmental Laws;
- (b) except as would not and could not be reasonably expected to be material and adverse to the Company and its Subsidiaries: (i) none of the Company or any of

its Subsidiaries has caused or permitted the Release, and, to the knowledge of the Company, no other Person has Released, any Hazardous Substances (in each case except in compliance with applicable Environmental Laws) on, at, in, under or from any of the immovable properties, any real properties, or any lands comprising and/or connected with any Company Real Property or, to the Company's knowledge, on, at, in, under or from any immovable properties, real properties or any lands comprising and/or connected with any assets of the Company and its Subsidiaries previously owned, leased or operated by the Company or by any of its Subsidiaries; and (ii) to the knowledge of the Company, there are no Hazardous Substances or other conditions that could reasonably be expected to result in liability of or adversely affect the Company or any of its Subsidiaries under or related to any Environmental Law on, at, in, under or from any of the immovable properties, any real properties, or any lands comprising and/or connected with the Company Real Property or, to the Company's knowledge, on, at, in, under or from any of the immovable properties, any real properties, or any lands comprising and/or connected with any assets of the Company and its Subsidiaries previously owned, leased or operated by the Company or by any of its Subsidiaries;

- (c) to the knowledge of the Company, all material Releases pertaining to or affecting the Company Real Property have been reported to the appropriate Governmental Entity as required by Environmental Laws;
- (d) there are no pending claims or, to the knowledge of the Company, threatened claims, against the Company or any of its Subsidiaries arising out of any Environmental Laws and the Company is not aware of, nor has it received: (i) any order or directive which relates to environmental matters; or (ii) any demand or notice with respect to the material breach of any Environmental Law applicable to the Company or any of its Subsidiaries or any of their respective assets or properties;
- (e) no Liens, other than Permitted Liens, in favour of a Governmental Entity arising under Environmental Laws are pending or, to the knowledge of the Company threatened, affecting, in any material respect, the Company or any of its Subsidiaries or any of their respective assets or properties.
- (f) Except pursuant to any customary indemnities in any Company Lease and pursuant to any Material Contracts set forth in Schedule 17 of the Company Disclosure Letter, the Company and its Subsidiaries are not a party to any indemnification or assumption agreement or other contractual obligation relating to compliance with or liability under any Environmental Law or otherwise relating to any liability for Hazardous Substances; and
- (g) true and complete copies of all environmental reports and all other material documents relating to environmental matters affecting the Company, the Subsidiaries, or any real or immovable property currently or formerly owned, leased or used by the Company or any of its Subsidiaries, including the Company Real Property, which are in the possession or control of the Company or any of its Subsidiaries have been provided to the Purchaser.

**24. Employees.**

- (a) All Contracts in relation to the top 10 compensated Company Employees have been disclosed in the Data Room. No such employee, as far as they are aware of this Agreement, has indicated to the Company or its Subsidiaries that he or she intends to resign, retire or terminate his or her engagement with the Company or its Subsidiaries as a result of the transactions contemplated by this Agreement or otherwise.
- (b) Section 24(b) of the Company Disclosure Letter lists all Company Employees (on a no-name basis) as of the date hereof, including, as applicable, their salaries, wage rates, fees, commissions, bonus arrangements, benefits, overtime entitlement, position, location of employment, status as full-time or part-time, recognized length of service or engagement, annual vacation entitlement in days and accrued and unused vacation days, and any other paid time-off entitlement in days and accrued and unused days of such paid time-off. In addition, Section 24(b) of the Company Disclosure Letter lists any Company Employee currently on leave of absence, together with the type of leave, their expected date of return to work, if known, and indicating whether the employee is in receipt of disability benefits or workers' compensation benefits.
- (c) Except as disclosed in Section 24(c) of the Company Disclosure Letter, the Company and its Subsidiaries are in compliance with all terms and conditions of employment and, in all material respects, with all Law respecting labour and employment, including pay equity, employment standards, labour, human rights, privacy, French language, work permits/authorizations, wages, hours of work, discrimination, leave of absence, harassment (including psychological harassment), overtime, vacation, termination of employment, workers' compensation and occupational health and safety, and there are no material outstanding claims, complaints, investigations or orders under any such Law and, to the knowledge of the Company, there is no basis for any such claim.
- (d) All amounts due or accrued for all salary, fees, wages, bonuses, commissions, incentives, expense reimbursement, vacation with pay, sick days, termination and severance pay and benefits under Employee Plans and other similar accruals have either been paid or are accurately reflected in the books and/or records of the Company or of the applicable Subsidiary of the Company.
- (e) Except as set forth in Section 24(e) of the Company Disclosure Letter, no Company Employee has any agreement in relation to any employee's termination, length of notice, pay in lieu of notice, severance, job security or similar provisions (other than such as results by Law from the employment of an employee without an agreement as to notice, an indemnity in lieu of notice, termination pay or severance pay), nor are there any change of control payments, golden parachutes, transaction bonus payments, severance payments, retention payments or agreements with current or former Company Employees providing for cash or other compensation or benefits upon the consummation of, or relating to, the Arrangement or any other transaction contemplated by this Agreement, including a change of control of the Company or of any of its Subsidiaries.

- (f) There are no material outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance legislation and neither the Company nor any Subsidiary has been reassessed in any material respect under such legislation during the past three years and, to the knowledge of the Company, no audit of the Company or any Subsidiary is currently being performed pursuant to any applicable workplace safety and insurance legislation. To the knowledge of the Company, there are no claims or potential claims which may materially adversely affect the Company or any Subsidiary's accident cost experience.
- (g) All orders and inspection reports under applicable occupational health and safety legislation relating to the Company or any of its Subsidiaries have been provided to Purchaser. There are no material charges pending with respect to the Company or any of its Subsidiaries under applicable occupational health and safety legislation. The Company and each of its Subsidiaries have complied in all material respects with the terms and conditions of such legislation, as well as any orders issued under legislation and there are no appeals of any material orders under such legislation currently outstanding.
- (h) To the knowledge of the Company, the Company and each of its Subsidiaries have properly characterized independent contractors as independent contractors for the purpose of applicable Law and have not received any notice from an independent contractor or a Governmental Entity disputing such characterization. Except as disclosed in Section 24(h) of the Company Disclosure Letter, the Company and each of its Subsidiaries are not engaged with any personnel agency, and there are no outstanding, pending or, to the knowledge of the Company, threatened claims, complaints, investigations or orders relating to the employment of any personnel agency employees.
- (i) Except as disclosed in Section 24(i) of the Company Disclosure Letter, to the knowledge of the Company, no Company Employee is or has been, during his or her employment with the Company or any of its Subsidiaries, an illegal or undocumented worker. All Company Employees have and had all work permits, visas, authorizations or status, as the case may be, required to perform work or provide services in Canada. Section 24(i) of the Company Disclosure Letter also lists in respect of each Company Employee who is employed pursuant to a work permit the expiry date of such work permit and whether any attempts have been made to renew such work permit.
- (j) Complete and accurate list of all employee manuals, policies, procedures and work-related rules affecting Company Employees ("**Employee Policies and Procedures**") have been provided to Purchaser. All written Employee Policies and Procedures have been provided to Purchaser. Subject to any restrictions imposed under applicable Law, each of the Employee Policies and Procedures can be amended or terminated by the Company.

## 25. **Collective Agreements.**

- (a) There is no Collective Agreement in force with respect to the Company Employees nor is there any Contract with any employee association in respect of the Company Employees.

- (b) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent or any other Person holds bargaining rights with respect to any Company Employee by way of certification, interim certification, voluntary recognition or successor rights, or has applied or, to the knowledge of the Company, threatened to apply to be certified as the bargaining agent of any employees of the Company.
- (c) There are no pending or, to the knowledge of the Company, threatened union organizing activities involving any Company Employees and no such activities have been undertaken in the last three years. There is no labour strike, dispute, work slowdown or stoppage pending or involving or, to the knowledge of the Company, threatened against the Company and no such event has occurred within the last three years.
- (d) No trade union has applied to have the Company or any of its Subsidiaries declared a common, related or successor employer pursuant to applicable Law in any jurisdiction in which the Company or any of its Subsidiaries carries on business.

## 26. Employee Plans.

- (a) Section 26(a) of the Company Disclosure Letter lists a true, complete and correct list of all Employee Plans and provides a description of same. The Company has disclosed in the Data Room true, correct and complete copies of all such Employee Plans, as amended, or, if not in writing, a description thereof, together with all related documentation including, as applicable, funding and investment management agreements, summary plan descriptions, the most recent actuarial reports, member booklets, financial statements, asset statements, material opinions and memoranda (whether externally or internally prepared) and material correspondence with Governmental Entities or other relevant Persons. Except as disclosed in Section 26(a) of the Company Disclosure Letter, to the knowledge of the Company, no set of facts exists, and no changes have occurred which would materially affect the information contained in the actuarial reports, financial statements or asset statements required to be provided to the Purchaser hereby. No commitments or promises to improve or otherwise amend any Employee Plan or create any additional benefit plan which would be considered to be an Employee Plan once created have been made.
- (b) The Company has registered, operated, communicated, invested and administered each Employee Plan, and made all contributions and paid all premiums in respect of each Employee Plan, in accordance with its terms and Law. To the knowledge of the Company, no fact or circumstance exists, which could adversely affect the registered status of any such Employee Plan. There are no pending, or to the knowledge of the Company, threatened claims (other than routine claims for benefits) by, on behalf of or against any Employee Plan or any trust related thereto which could reasonably be expected to result in any liability to the Company or any of its Subsidiaries and, no audit or other proceeding by a Governmental Entity is pending, or to the knowledge of the Company, threatened with respect to such plan.

- (c) No Employee Plan provides benefits or coverage in the nature of health, life or disability benefits following retirement or other termination of employment, other than coverage or benefits required to be provided by Law.
- (d) No Employee Plan is (i) “registered pension plan” as such term is defined in subsection 248(1) of the Tax Act, (ii) a “multi-employer plan” as such term is defined in subsection 147.1(1) of the Tax Act, (iii) a “retirement compensation arrangement” as such term is defined in subsection 248(1) of the Tax Act, (iv) an “employee life and health trust” as such term is defined in subsection 248(1) of the Tax Act, or (v) a “deferred profit sharing plan” as such term is defined under subsection 147(1) of the Tax Act. No Employee Plan is intended to be or has ever been found or alleged by a Governmental Entity to be a “salary deferral arrangement” within the meaning of subsection 248(1) of the Tax Act.
- (e) Except as set forth in Section 26(f) of the Company Disclosure Letter and the treatment of the Company Options under this Agreement, the entering into of this Agreement and the consummation of the Arrangement and the other transactions contemplated, alone or together with any other event hereby, will not (i) result in an entitlement to any Person to any compensation or benefit, (ii) accelerate or increase the timing of any funding obligation under any Employee Plan or accelerate the vesting of any benefit under any Employee Plan, (iii) result in any breach or violation of or default under or limit the Company or its Subsidiaries’ right to amend, modify or terminate any Employee Plan, or (iv) result in an “excess parachute payment” (within the meaning of Section 280G of the Code) or limit the Tax deductibility of any amount payable under any Employee Plan by operation of Section 280G of the Code (determined without regard to the exceptions provided for in Section 280G(b)(5) of the Code).
- (f) Each Employee Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter or is entitled to rely upon an opinion letter from the applicable Governmental Entity as to the qualified form of the prototype or volume submitter document on which such Employee Plan is maintained, and no event has occurred, and no condition exists, that would reasonably be expected to adversely affect the qualified status of any such Employee Plan. Neither the Company nor its Subsidiaries nor any other Person who would be deemed a “single employer” (within the meaning of Section 4001(b)(1) of ERISA or Section 414 of the Code) with any of the foregoing has maintained, sponsored, contributed to or been required to contribute to, or could reasonably be expected to have any liability (whether actual or contingent) with respect to, any (i) plan subject to Title IV of ERISA, including any “multiemployer plan” (as defined in Section 3(37) of ERISA), (ii) multiple employer plan (within the meaning of Section 413(c) of the Code), or (iii) multiple employer welfare arrangement (within the meaning of Section 3(40) of ERISA).

27. **Insurance.** The Company and each of its Subsidiaries, as applicable, is, and has been continuously for the past three years, insured by reputable third party insurers with reasonable and prudent policies appropriate for the size and nature of the business of the Company and its Subsidiaries and their respective assets. Each such insurance policy currently in effect that insures the physical properties, business, operations and assets of the Company and its Subsidiaries is valid and binding and in full force and effect. There is no material claim pending under any insurance policy of the Company or of any of its

Subsidiaries that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover all or any material portion of such claims. All material proceedings covered by any insurance policy of the Company or of any of its Subsidiaries have been properly reported to and accepted by the applicable insurer.

28. **Taxes.**

Except as disclosed in Section 28 of the Company Disclosure Letter:

- (a) The Company and each of its Subsidiaries has duly and timely filed all Tax Returns required to be filed by them and all Tax Returns filed by the Company and each of its Subsidiaries are complete and correct in all material respects.
- (b) The Company and each of its Subsidiaries has paid or caused to be paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, and all other Taxes due and payable by them, whether or not shown as being due on any Tax Returns or assessed by the appropriate Governmental Entity, other than those which are the subject of a Permitted Contest. The Company and its Subsidiaries have provided adequate accruals in accordance with IFRS in the most recently published consolidated financial statements of the Company for any Taxes of the Company and each of its Subsidiaries for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements has been assessed, proposed to be assessed, incurred or accrued, other than in the Ordinary Course.
- (c) No material deficiencies, litigation, audit, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries is a party to any action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries or any of their respective assets.
- (d) There are no Liens (other than Permitted Liens) with respect to Taxes upon any of the assets of the Company or any of its Subsidiaries.
- (e) The Company and each of its Subsidiaries withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so.
- (f) There are no currently effective elections, agreements or waivers extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of any material Taxes, or of the filing of any material Tax Return or any payment of material Taxes, by the Company or any of its Subsidiaries.
- (g) No Governmental Entity of a jurisdiction where the Company or any of its Subsidiaries does not file a Tax Return has made a claim in writing that the

Company or such Subsidiary is subject to Tax in such jurisdiction. Neither the Company or any of its Subsidiaries has ever been subject to income taxation in a jurisdiction outside of its country of organization, on the basis of residency, carrying on business, having a permanent establishment or otherwise.

- (h) The Company and each of its Subsidiaries has made available to the Purchaser in the Data Room true, correct and complete copies of all material Tax Returns, examination reports and statements of deficiencies for tax periods, or transactions consummated, for which the applicable statutory periods of limitations have not expired.
- (i) Neither the Company nor any of its Subsidiaries has ever directly or indirectly transferred any property to or supplied any services to or acquired any property or services from a Person with whom it was not dealing at arm's length (for the purposes of the Tax Act) for consideration other than consideration equal to the fair market value of the property or services at the time of the transfer, supply or acquisition of the property or services. The Company and its Subsidiaries have complied with all applicable transfer pricing laws (including section 247 of the Tax Act and Section 482 of the Code) and any documentation and recordkeeping requirements thereunder.
- (j) The tax attributes of the assets of the Company and each of its Subsidiaries are accurately reflected in the Tax Returns of the Company and of each of its Subsidiaries, as applicable, and have not materially and adversely changed since the date of such Tax Returns, except to the extent that such attributes have been used in the Ordinary Course or as a result of completion of any transaction contemplated by this Agreement.
- (k) There are no circumstances existing which could result in the application of Section 78 or Sections 80 to 80.04 of the Tax Act, or any equivalent provision under provincial Law, to the Company or any of its Subsidiaries. Other than in the Ordinary Course, the Company and its Subsidiaries have not claimed nor will they claim any reserve under any provision of the Tax Act or any equivalent provincial provision, if any amount could be included in the income of the Company or its Subsidiaries for any period ending after the Effective Time.
- (l) All scientific research and experimental development investment tax credits and all other Tax credits ("Tax Credits") were claimed by the Company and each of its Subsidiaries in accordance with the Tax Act and any other provision of Law and the Company and each of its Subsidiaries satisfied at all times the relevant criteria and conditions entitling them to such Tax Credits. All refunds of Tax Credits received or receivable by the Company and each of its Subsidiaries in any taxation year were claimed in accordance with the Tax Act and any other provision of Law and the Company and each of its Subsidiaries satisfied the relevant criteria and conditions entitling them to claim such a refund.
- (m) Neither the Company nor any of its Subsidiaries are liable for any material Taxes of any other Person.
- (n) Neither the Company nor any of its Subsidiaries has undertaken, participated in or been contractually obligated to participate in any "reportable transaction" as

defined in subsection 237.3(1) of the Tax Act (or any provincial or foreign equivalent) or any “notifiable transaction” as defined in subsection 237.4(1) of the Tax Act (or any provincial or foreign equivalent).

- (o) The Shares are not taxable Canadian property, as defined in subsection 248(1) of the Tax Act. Imaflex USA Inc. is not (and has never been) a “United States real property holding corporation” within the meaning of Code Section 897(c).
- (p) The total fair market value of all the shares that are held directly or indirectly by the Company and are shares of “foreign affiliates” of the Company (for purposes of the Tax Act) does not exceed 75% of the total fair market value (determined without reference to debt obligations of any corporation resident in Canada in which the Company has a direct or indirect interest) of all of the property owned by the Company.
- (q) The Company and each of its Subsidiaries have (i) duly and timely completed and filed all COVID-19 Subsidies Returns required under applicable Laws to be filed by it, or that it elected to file, and all COVID-19 Subsidies Returns of the Company and each of its Subsidiaries are complete, correct and accurate, (ii) not claimed COVID-19 Subsidies to which it was not entitled, and (iii) not deferred any payroll Tax obligations as permitted under applicable COVID-19 related measures enacted, promulgated or offered as an administrative relief by any Governmental Entity.
- (r) Imaflex USA Inc. has not been, in the past five (5) years, a party to a transaction reported or intended to qualify as a reorganization under Code Section 368. Imaflex USA Inc. has not distributed stock of another Person, or had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code Section 355 or Code Section 361.
- (s) Imaflex USA Inc. is not a party to any contract, agreement, plan or other arrangement covering any employee or former employee or contractor or former contractor that, individually or collectively, could give rise to a (or already has resulted in a) payment or provision of any other benefit (including accelerated vesting) that could not be deductible by reason of Code Section 280G or could be subject to an excise Tax under Code Section 4999 (in each case, determined without regard to the exceptions provided for in Code Section 280G(b)(5)). Imaflex USA Inc. has not agreed to pay, gross up, or otherwise indemnify any employee or contractor for any employment or income Taxes, including potential Taxes imposed under Code Section 409A or Code Section 4999.
- (t) Imaflex USA Inc. is not required to include a material item of income, or exclude a material item of deduction, for any period after the Closing as a result of (i) an installment sale transaction occurring on or before the Closing governed by Code Section 453 (or any similar provision of state, local or non-U.S. Laws); (ii) a transaction occurring on or before the Closing reported as an open transaction for U.S. federal income Tax purposes (or any similar doctrine under state, local, or non-U.S. laws); (iii) any material prepaid amounts received or paid on or prior to the date of the Closing or material deferred revenue realized on or prior to the date of the Closing; (iv) a change in method of accounting (or use of an impermissible method of accounting) with respect to a taxable period (or portion thereof) ending

on or prior to the date of the Closing; or (v) an agreement entered into with any Governmental Entity (including a “closing agreement” under Code Section 7121 or any “gain recognition agreements” entered into under Code Section 367) on or prior to the date of the Closing.

29. **Money Laundering.** The operations of the Company and of each of its Subsidiaries are, and have been since January 1, 2022, conducted at all time in material compliance with applicable financial recordkeeping and reporting requirements and money laundering Laws and the rules and regulations thereunder and any related or similar Laws, rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity relating to money laundering (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court or Governmental Entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.
30. **Corrupt Practices Legislation.** Neither the Company nor any of its Subsidiaries, nor to the knowledge of the Company, any of its or their respective directors, officers, employees or agents acting on behalf of the Company or any of its Subsidiaries has: (i) used or is using or is alleged to have used any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal; (ii) used or is using or is alleged to have used any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees; (iii) violated or is violating or is alleged to have violated any provision of the *Corruption of Foreign Public Officials Act* (Canada), the United States Foreign Corrupt Practices Act of 1977 or any Law of similar effect; (iv) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties; or (v) made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature.

### 31. **Data Security and Privacy Requirements**

- (a) Except as disclosed in Section 31(a) of the Company Disclosure Letter, the Company and each of its Subsidiaries is, and since January 1, 2025 has been, conducting its business in compliance in all material respects with all Data Security and Privacy Requirements. Except as disclosed in Section 31(a) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries has ever been, since January 1, 2022 the subject of: (i) any Security Breaches or notices or complaints from any Person regarding a Security Breach; (ii) any complaints or claims regarding the collection, use, disclosure or processing of Personal Information or the actual or alleged violation of any Data Security and Privacy Requirement; or (iv) any investigation, audit or other inquiry from a Governmental Entity, regarding the Company’s and its Subsidiaries collection, use, disclosure or processing of Personal Information under any Data Security and Privacy Requirement or any violation or alleged violation of any Data Security and Privacy Requirement. The Company and its Subsidiaries do not engage in the sale, as defined by applicable Law, of Personal Information.
- (b) The Company and each of its Subsidiaries have, in all material respects, the rights to Process all Personal Information that is Processed by or on behalf of the Company and its Subsidiaries in connection with the use and/or operation of its products, services and business, and the execution, delivery, or performance of

this Agreement will not affect these rights or violate any applicable Data Security and Privacy Requirements.

- (c) Except as disclosed in Section 31(c) of the Company Disclosure Letter, there is no material deficiency in the Company's or its Subsidiaries' physical and technological cybersecurity measures that could reasonably result in a loss of data including Personal Information or a breach of security of either the Company or its Subsidiaries in any material respect.
32. **Opinion of Financial Advisor.** The Special Committee and the Board have received the Fairness Opinion.
33. **Brokers.** Except for the engagement letter between the Company and the Financial Advisor and the fees payable under or in connection with such engagement and to legal counsel, no investment banker, broker, finder, financial advisor or other intermediary has been retained by or is authorized to act on behalf of the Company or any of its Subsidiaries or is entitled to any fee, commission or other payment from the Company or any of its Subsidiaries in connection with this Agreement or any other transaction contemplated by this Agreement. A true and complete copy of the engagement letter between the Company and the Financial Advisor has been provided in the Data Room and the Company has made true and complete disclosure, as set forth in Section 33 of the Company Disclosure Letter, of all fees, commissions or other payments that may be incurred pursuant to such engagement or that may otherwise be payable to the Financial Advisor.
34. **Competition Act.** For the purposes of determining the application of the pre-merger filing requirements under Part IX of the *Competition Act* (Canada), the aggregate value of the assets of the Company and its subsidiaries in Canada, and the annual gross revenues from sales in, from or into Canada of the Company and its subsidiaries, determined in each case as prescribed in the *Competition Act* (Canada), are both less than \$93,000,000.
35. **Minority Approval.** Except as set forth in Section 35 of the Company Disclosure Letter, to the knowledge of the Company, there are no Persons described in items (a) through (d) of Section 8.1(2) of Regulation 61-101 that will be required to be excluded for purposes of Section 2.2(b)(ii) of this Agreement.
36. **Product Liability and Warranty.** Except as set forth in Section 36 of the Company Disclosure Letter:
- (a) each product sold or delivered by the Company or any of its Subsidiaries over the past three (3) years has been in conformity in all material respects with contractual commitments and express and implied warranties, service specifications or documentation and any representations provided by the Company or its Subsidiaries, as applicable;
  - (b) to the knowledge of the Company, over the past (3) years, no principal customer has provided a notice that any product sold or delivered by the Company or any of its Subsidiaries does not meet the specifications set out in any Contract and has refused to accept or intends to refuse delivery;

- (c) there are no pending, or to the knowledge of the Company, threatened claims with respect to any warranty relating to the products of the Company or any of its Subsidiaries;
  - (d) neither the Company nor any of its Subsidiaries have received written notice, nor does the Company have knowledge, of any statements, citations or decisions by any Governmental Entity declaring any products of the Company or any of its Subsidiaries defective or unsafe;
  - (e) there are no pending, or to the knowledge of the Company, threatened product liability claims involving any products of the Company or any of its Subsidiaries;
  - (f) the Company and each of its Subsidiaries does not have, and in the past three (3) years has not had, any material liability (contingent or otherwise) in respect of any product or item designed, produced, packaged, labeled, marketed, sold or distributed by it or on its behalf;
  - (g) to the knowledge of the Company, there are no facts or circumstances which could reasonably be expected to give rise to any claim or notice of violation relating to or involving any service provided or any product designed, manufactured, serviced, produced, modified, distributed, shipped or sold by or on behalf of any of the Company or its Subsidiaries or otherwise related to the Business (i) resulting from any alleged defect in design, manufacture, materials or workmanship or performance, any alleged hazard or impurity, any alleged failure to warn, any alleged breach of warranties or representations, or any alleged non-compliance with Law, requirements, or specifications, or (ii) arising out of any injury to individuals or property as a result of the products or services sold or provided by the Company or its Subsidiaries, other than, in each case, claims or notices that would not reasonably be expected to be, individually or in the aggregate, material; and
  - (h) there is no material pending or, to the knowledge of the Company, threatened, recall or investigation of any product designed, manufactured, shipped, sold, marketed, distributed and/or otherwise introduced into the stream of commerce by or on behalf of the Company or its Subsidiaries.
37. **Recalls.** Over the past three (3) years, there have been no recalls, and there are no pending or threatened recalls or withdrawals, of any product produced or sold by the Company or any of its Subsidiaries or resulting from any alleged deficiency in a product produced or sold by the Company or any of its Subsidiaries.
38. **Inventory.** The inventory of the Company and its Subsidiaries (the “**Inventory**”), whether reflected in the Company’s most recent financial statement or thereafter acquired, (i) consists of items of a quality and quantity usable and saleable in the Ordinary Course, (ii) is in good and merchantable condition, and (iii) is not obsolete, slow-moving, damaged, defective or excessive in quantity, except as reserved for in the most recent financial statement of the Company. The Inventory is sufficient in quality and quantity to conduct the business of the Company and its Subsidiaries in the Ordinary Course.
39. **Accounts Receivable.** All accounts receivable of the Company and its Subsidiaries (the “**Accounts Receivable**”) (i) represent bona fide obligations arising from sales actually

made or services actually performed in the Ordinary Course, (ii) are valid, existing and enforceable, and (iii) are not subject to any set-off, counterclaim or defense. To the knowledge of the Company, all Accounts Receivable are collectible in full, without any set-off or counterclaim, within ninety (90) days after billing.

**40. Special Committee and Board Approval.**

- (a) The Special Committee, after consultation with the Company's financial advisor and outside legal counsel, has unanimously recommended that the Board approve the Arrangement and that the Shareholders vote in favour of the Arrangement Resolution.
- (b) As of the date hereof, the Board, acting on the unanimous recommendation in favour of the Arrangement by the Special Committee and after consultation with legal and financial advisors, has unanimously: (i) determined that the Arrangement is fair to Shareholders; (ii) determined that the Arrangement and the entering into of this Agreement is in the best interests of the Company; (iii) resolved to recommend that the Shareholders vote in favour of the Arrangement Resolution; and (iv) authorized the entering into of this Agreement and the performance by the Company of its obligations under this Agreement, and no action has been taken to amend, or supersede, such determinations, resolutions or authorizations.
- (c) Each of the directors and executive officers of the Company has advised the Company and the Company believes that they intend to vote or cause to be voted all Shares beneficially held by them in favour of the Arrangement Resolution and the Company shall make a statement to that effect in the Company Circular.

**41. Funds Available.** The Company has sufficient funds available to pay the Termination Fee.

**42. International Trade Laws and Sanctions**

- (a) The Company is and has always been in compliance with all International Trade Laws and Sanctions. The Company (i) possesses all International Trade Permits required for compliance with all applicable International Trade Laws and Sanctions for the Business and its operations as currently conducted, such International Trade Permits are in full force and effect, and all applications as necessary for renewal of such International Trade Permits have been timely filed, and (ii) has been in compliance with all terms and conditions of such International Trade Permits and has not received any notice alleging liability under and/or noncompliance with respect thereto, nor, to the knowledge of the Company, does there exist any basis for such notification or allegation. No assets of the Company nor any Company or Subsidiary itself have been subject to any seizure, criminal sanction, administrative penalty (including penalties under the Canadian Administrative Monetary Penalty System), detention, audit, compliance assessment, focused assessment or action for alleged or actual violation of International Trade Laws or Sanctions, including any that are pending or threatened in writing or orally. The Company is not currently and has never been subject to any suspension of import or export privileges or made or provided any

false statement or omission to any Governmental Entity or to any customer in connection with the importation or exportation of products.

- (b) None of the Company, its Subsidiaries or any of their respective directors, officers, managers, employees or, to the knowledge of the Company, any of their respective agents or other representatives, is currently or has been: (a) a Sanctioned Person; (b) controlled, directly or indirectly, by, or under effective control of, a Sanctioned Person; (c) operating in, organized in, conducting business with, or otherwise engaging in dealings with or for the benefit of any Sanctioned Person or in any Sanctioned Country; or (d) in violation of any Sanctions.
- (c) (i) No good imported into Canada by the Company or any of its Subsidiaries as "importer of record" is or has been subject to any Canadian Surtax; (ii) No good exported from Canada and imported into the United States by the Company or any of its Subsidiaries is or has been subject to any U.S. Tariff upon its importation into the United States; and (iii) Since March 4, 2025, none of the Company or any of its Subsidiaries has made an application, request or claim under any Canadian Remission Order, the Canadian Duties Relief Program, the Canadian Duties Drawback Program, or any similar program.

**SCHEDULE D**  
**REPRESENTATIONS AND WARRANTIES OF PURCHASER AND PARENT**

1. **Organization and Qualification.** Each of the Purchaser and the Parent is a corporation duly incorporated and validly existing under the laws of the jurisdiction of its incorporation and has the requisite power and capacity to own and lease its assets and properties and conduct its business as now conducted. The Purchaser has not conducted any business prior to the date hereof and has no assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the transactions contemplated by this Agreement.
2. **Corporate Authorization.** Each of the Purchaser and the Parent has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and to complete the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation by each of the Purchaser and the Parent of the transactions contemplated hereby have been duly authorized and no other corporate proceedings on the part of either the Purchaser or the Parent are necessary to authorize the execution and delivery by it of this Agreement or the consummation of the transactions contemplated hereby other than approval by the Court.
3. **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by each of the Purchaser and the Parent, and constitutes a legal, valid and binding agreement of the Purchaser and the Parent enforceable against each of them in accordance with its terms subject to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. **Governmental Authorization.** The execution, delivery and performance by each of the Purchaser and the Parent of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Purchaser or the Parent other than: (i) the Interim Order and any filings required in order to obtain, and any approvals required by, the Interim Order; (ii) the Final Order, and any filings required in order to obtain the Final Order; (iii) filings with the Director under the CBCA; and (iv) any Authorizations which, if not obtained, or any other actions by or in respect of, or filings with, or notifications to, any Governmental Entity which, if not taken or made, would not be reasonably expected to, individually or in the aggregate, prevent or materially impede the ability of the Purchaser or the Parent to consummate the Arrangement and the transactions contemplated hereby.
5. **Non-Contravention.** The execution, delivery and performance by each of the Purchaser and the Parent of its obligations under this Agreement and the consummation of the Arrangement and the transactions contemplated hereby do not and will not:
  - (a) contravene, conflict with, or result in any violation or breach of the organizational documents of the Purchaser or the Parent; or
  - (b) assuming compliance with the matters referred to in Paragraph 4 above, contravene, conflict with or result in a violation or breach of any Law.

6. **Funds Available.** The Purchaser will have at the Effective Time sufficient funds available to satisfy the aggregate consideration payable by the Purchaser pursuant to the Plan of Arrangement in accordance with the terms of this Agreement and the Plan of Arrangement.

**SCHEDULE E**  
**AMENDED REAL PROPERTY LEASES**

## IMMOVABLE PROPERTY LEASE AGREEMENT

(Property Address: 5710 rue Notre-Dame Ouest, Montreal, QC, H4C 1V2)

LEASE AGREEMENT ENTERED INTO IN THE CITY OF MONTREAL, PROVINCE OF QUEBEC, ON THE  
 ●, TWO THOUSAND AND TWENTY-FIVE (THE "LEASE").

APPEARED:

**RONCON CONSULTANTS INC./LES CONSEILLERS RONCON INC.** a corporation constituted under the regime of the *Canada Business Corporations Act* having its head office at **[Redacted – Confidential Information]**, herein acting and represented by Joseph Abbandonato, its President, duly authorized as he declares.

Hereinafter called the "**LESSOR**"

AND

●<sup>1</sup>, herein acting and represented by ●, its ●, duly authorized as he declares.

Hereinafter called the "**LESSEE**"

WHO HAVE HEREBY AGREED AS FOLLOWS:

**1. DEFINITIONS**

Save provisions to the contrary herein or of incompatibility with the context, the following words and expressions, wherever used in the present Lease, have the following meaning:

- 1.1**     "**Additional Rent**" means all sums of money, other than Basic Rent and sales taxes, which are required to be paid by the Lessee pursuant to any provision of this Lease, including the real estate and school taxes of the Land and the Building.
- 1.2**     "**Basic Installation**" means the installations supplied as of the date hereof by the Lessor on the Premises.
- 1.3**     "**Basic Rent**" as the meaning ascribed to such term in Section 5.1.
- 1.4**     "**Building**" means the building presently situated on the Land, which has the municipal address 5710 rue Notre-Dame Ouest, in the City of Montreal, Province of Quebec, H4C 1V2.
- 1.5**     "**Damages**" means all damages, losses, liabilities, obligations, charges, liens, costs, expenses, claims, demands, suits, debts, duties, prosecutions, orders, notices, actions, causes of action, judgments, interests, fines or sanctions (including cost of investigation and defence, legal and other professional fees and expenses, interest and penalties), whether or not involving a third-party.
- 1.6**     "**Lessee's Equipment**" means, to the extent that the following are directly related to Lessee's production equipment and are not necessary for the operation of the Building, all silos, silo ducting and all air compressors, mezzanines and catwalks (provided such mezzanines and catwalks are attached to Lessee's machinery), safety guardrails, electrical cabling and drops, day bins for resin, chillers, electrical distribution inside the building, extruders (and all equipment attached thereto), bagging equipment, all equipment purchased by Lessee to

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<sup>1</sup> **Note to Draft:** To be Soteria Flexibles Corp. or one of its affiliates.

support its manufacturing and distribution processes, and all components and attachments to the foregoing.

- 1.7**     **"Land"** means the land legally described in Schedule A attached hereto.
- 1.8**     **"Lessee's Improvements"** means all the improvements, installations and additions made from time to time to the Premises, and more particularly, but without limiting the meaning thereof, all the fixed partitions, lighting equipment, wall-to-wall carpeting, interior and exterior signs and all items which cannot be moved without damaging the Premises; with the exception of the movable property, movable partitions, fixed equipment and installations used by the Lessee for its business and belonging to it, provided that such fixed equipment and installations can be removed without damaging the Premises.
- 1.9**     **"Lessee's Taxe"** means the aggregate of:
- (a)     all taxes, rates, duties, levies, fees, charges and assessments whatsoever imposed which are separately identified by the lawful taxing authority as being attributable to the personal property, furnishings, fixtures and leasehold improvements installed in the Premises; and
  - (b)     all taxes, rates, duties, levies, fees, charges and assessments whatsoever imposed upon the Lessee which are attributable to the business or income of, or the use or occupancy of the Premises by, the Lessee or any other occupant of the Premises.
- 1.10**    **"Premises"** means the Land and the Building located thereon.
- 1.11**    **"Prime Rate"** means the rate of interest per annum established and quoted from time to time by the Lessor's financial institution as its reference rate of interest for the determination of interest rates that it charges clients of varying degrees of credit-worthiness for Canadian dollar loans made by it in Montreal, Québec.
- 1.12**    **"Rent"** means Basic Rent and Additional Rent.
- 1.13**    **"Structure"** means the footings, foundations, subfloor, structural columns and beams, joists, load-bearing walls, foundation walls, and roof structure (including the roof membrane, the roof insulation, the basins, the parapets and the flashing), and all utility systems lying in or below the floor slab or outside the Building or below the ground that serve the Premises including without limitation all stormwater retention and detention facilities.

## **2. PRIOR LEASE**

### **2.1     Termination of Prior Lease**

The parties acknowledge that any lease previously entered into between the Lessor and Imaflex Inc., whether oral or written, with respect to the Premises (the "**Prior Lease**") will be terminated effective the date hereof under a separate agreement, which termination will be subject to Imaflex Inc.'s financial obligations under the Prior Lease in the normal course of business until the date hereof, for the current lease year only, and the Additional Rent adjustments until the date hereof, for the current lease year only.

### **3. PREMISES**

#### **3.1 Description of the Premises**

The Lessor has hereby leased to the Lessee, thereof accepting, with warranty of peaceful enjoyment, subject to the provisions of this Lease, an industrial space containing a superficial area of fifty-eight thousand square feet (58,000 sq. ft.), bearing a civic address of 5710 rue Notre-Dame Ouest, in the City of Montreal, Province of Quebec, H4C 1V2.

Notwithstanding anything to the contrary in this Lease, it is understood between the parties that, subject to the conditions set out below, the Lessor has the right and shall have the right to lease the rooftop of the Building to a third party for advertising purposes, including operating, maintaining, repairing and replacing advertising signs and ancillary equipment, notably advertising structures, and the Lessee agrees and undertakes, without any compensation, to give access to such third party to the rooftop of the Building to operate, maintain, repair and replace any advertising signs and ancillary equipment, notably advertising structures, provided that in each case that (i) the Lessee may require that any person accessing the rooftop for the purposes of the foregoing be accompanied by a representative of the Lessee at all times; (ii) any work performed on the rooftop for the purposes of the foregoing shall not interfere with the Lessee's operations inside the Building and Lessee's reasonable operating instructions (for examples, reasonable prior notice before accessing the rooftop, adherence to safety protocols and agreed access times and coordination to avoid blocking certain areas); and (iii) the operation of rooftop advertising by the rooftop tenant shall not interfere with the Lessee's branding.

#### **3.2 Condition of the Premises**

The Lessee represents that it has examined and viewed the Premises and the Lessee accepts the Premises condition on an "as is, where is" basis, at its sole risk and peril, subject to the provisions of this Lease.

### **4. TERM**

#### **4.1 Commencement and Duration**

The Lease shall commence of the date hereof (the "**Commencement Date**") and terminate on the last day of the month before the **[Redacted – Commercially Sensitive Information]** (the "**Term**"), subject to the options to renew as provided in Section 28.

### **5. PAYMENT**

#### **5.1 Basic Rent**

The Lessee shall pay to the Lessor during the Term an annual basic rent of **[Redacted- Commercially Sensitive Information]**, which is payable by twelve (12) equal and consecutive monthly instalments of **[Redacted- Commercially Sensitive Information]** each, commencing on the Commencement Date (the "**Basic Rent**").

#### **5.2 Net Lease**

Except as otherwise provided herein, the Lessor is not responsible for any expenses or outlays of any nature arising from or relating to the Land and/or the Building and/or the Premises, or the use or occupancy thereof, or the contents thereof or the business carried on therein. The Lessee shall pay all charges,

impositions and outlays of every nature and kind relating to the Land and/or the Building and/or the Premises, except as expressly stated to the contrary in this Lease. Without limiting the foregoing, the Lessee is responsible for its costs to self-manage the Premises and to maintain, repair and replace the Premises, but subject to Lessor's obligations under this Lease.

#### **5.3 Reimbursement of Expenses Incurred by the Lessor**

Any expense incurred by the Lessor (i) at Lessee's request or (ii) to remediate any default by the Lessee of its obligations hereunder (subject to applicable cure period, if any), plus administrative fees equal to fifteen percent (15%) of such expense (except in the case of paragraph (i) where such request relates to an obligation of the Lessor under this Lease), shall constitute Additional Rent payable at the same time as the Basic Rent following the receipt from the Lessee by the Lessor of a notice describing in reasonable details the default and the reasonable expenses incurred.

#### **5.4 Terms of Payment**

The Rent plus applicable GST and QST shall be paid on its due date as provided in this Lease. The Lessee must forward the payments to the Lessor at [**Redacted – Confidential Information**] or such other address as the Lessor may indicate in writing to the Lessee.

#### **5.5 Renunciation of the Compensation**

The Lessee hereby renounces to any present or future claim or compensation to which it may claim to be entitled or to which others may claim to be entitled in its name, for any Rent or other sum due under the terms of these presents and hereby agrees to pay the Rent and other sums in full, under all circumstances. The Lessee hereby agrees that any monies that it has paid or owes to the Lessor may be applied to any amounts due under these presents, at the Lessor's choice, notwithstanding any directive to the contrary. No endorsement on any cheque nor any declaration made in a letter accompanying a cheque may be considered as an agreement or acceptance, and the Lessor may accept a payment without same affecting its rights in virtue of the law or the present Lease.

#### **5.6 Payments in abeyance**

The Lessor shall be entitled to claim interest on any monies in abeyance for the Rent or other amounts due in virtue of the present Lease, at the Prime Rate, without prejudice to its other rights and recourses.

### **6. USE OF PREMISES**

#### **6.1 Use of the Premises by the Lessee**

The Lessee may use the Premises solely for manufacturing of polyethylene films, the reproduction of same or the process of metallizing films, and any related activities. The Lessee will not use, or permit, or suffer the use of, the Premises or any part thereof for any other business or purpose without the Lessor's consent.

For greater certainty, the Lessee shall not be required to continuously occupy the Premises, provided that it complies with the other terms and conditions of the Lease. The Lessee may cease to occupy within the Premises without being deemed in default or without its actions being deemed prejudicial to the Lessor provided that:

6.1.1 it shall give the Lessor not less than five (5) business days' prior written notice of its intention to cease to physically occupy the Premises;

6.1.2 the Lessee must maintain its insurance coverage and if the Premises will remain vacant for a period exceeding thirty (30) consecutive days, it shall notify its insurer of its election to cease to physically occupy the Premises. The Lessee shall be responsible for the cost of any additional insurance or any increase in its insurance premiums or in the insurance premiums of the Lessor, resulting from its exercise of such right to cease to physically occupy the Premises;

6.1.3 it is understood that such right to cease to physically occupy the Premises shall in no case constitute a risk resulting in the cancellation or significant change in the Lessee's insurance coverage required under this Lease for the Premises;

6.1.4 the Lessee shall take any steps reasonably necessary to maintain security in the Premises; and

6.1.5 the Lessee shall have an employee or other person at its choice to be approved by the Lessor to attend at the Premises regularly to inspect same and effect such maintenance, repairs or replacements as may be required under this Lease.

## **6.2 Prohibited Use**

For greater certainty, the Lessee shall not use the Premises in a way which is of nature to lessen the value of the Premises.

## **7. PARKING AND UTILITIES**

### **7.1 Parking**

In virtue of the present Lease, the Lessee shall be entitled to the exclusive use of the parking on the Land.

### **7.2 Utilities**

The Lessee shall be exclusively responsible and shall pay to the relevant utility provider all utility expenses including, without limitation, electricity heating, ventilation, and air conditioning.

## **8. SYSTEMS, EQUIPMENT AND SERVICE INSTALLATIONS**

### **8.1 Systems and Equipment of the Premises**

Subject to capital repairs and replacements which shall be the Lessor's responsibility in accordance with Section 13.2 and 16.2, the Lessee shall see to the functioning, maintenance in good condition, non-capital repair and replacement of all the systems and equipment of the Premises, including the heating, ventilation and air-conditioning systems and equipment and any related system and equipment located in the Premises to heat, ventilate or air-condition the Premises (the "HVAC").

Notwithstanding anything to the contrary in this Lease, including the foregoing provisions, the Lessee's Equipment shall be under the sole responsibility of the Lessee, at its sole cost, whether such cost is related to maintenance, non-capital repairs and replacements or capital repairs and replacements.

## **8.2 Use of the Service Installations**

The Lessee hereby agrees not to install any equipment, which may exceed the capacity of the Basic Installations and hereby agrees that if any of same requires additional installations, it shall be installed at the Lessee's expense, provided that Lessee's has provided to the Lessor its plans and specifications and obtained the prior written consent of the Lessor.

Subject to capital repairs and replacements which shall be the Lessor's responsibility in accordance with Section 13.2 and Section 16.2, the Lessee must conform to the requirements of any authority having jurisdiction over or relating to the functioning of the systems and equipment of the Premises, including the HVAC systems and equipment.

## **9. TAXES**

### **9.1 Separate Tax Billing**

9.1.1 The Lessor shall obtain a separate tax billing or assessment for the Land and the Building. The Lessor shall cooperate in arranging for all tax notices, assessments and bills issued from and after the date hereof to be delivered directly to the Lessee by the applicable taxing authority and assessment authority. The Lessor shall promptly furnish to the Lessee all tax notices, assessments and bills it receives. The Lessee shall pay, from and after the date hereof, the real estate and school taxes attributable to the Land and the Building directly to the taxing authority.

### **9.2 Right of Contestation of the Lessee**

The Lessee shall have the right and privilege of contesting, in the name of the Lessor, any increase in assessment or real estate and school taxes, including the right to pursue any and all administrative and legal remedies pertaining to the increase, provided that Lessee's has obtained the prior written consent of the Lessor regarding such contestation, which consent shall not be unreasonably withheld or delayed. The Lessor shall cooperate with the Lessee with respect to any litigation, contest or administrative proceeding and to produce such witnesses and documentary evidence as the Lessee shall reasonably require, with the Lessee paying all expenses associated with or arising from such litigation, contest or proceeding. The Lessor shall send to the Lessee or have sent to the Lessee all tax bills, assessments and other related notices promptly upon receipt by the Lessor or when made available to the Lessor, as the case may be. Any reasonable out of pocket expense incurred by the Lessor, including any reasonable legal fees, in connection with any Lessee-instituted litigation, contest, or administrative proceeding pertaining to the real estate and school taxes shall be reimbursed by the Lessee upon presentation of an itemized statement of expense by the Lessor. The Lessee shall not take any action or fail to take any required action that would expose the Land and the Building or any other property of the Lessor for sale, or put the Lessor into default under any hypothec of the Land and the Building in each case by reason of non-payment of any such real estate and school taxes.

### **9.3 Non-Responsibility of Lessee**

The Lessee is not responsible for any of Lessor's administrative fees relating to real estate and school taxes or any interest or penalties imposed for late payment caused by the Lessor. Real estate and school taxes shall be apportioned so that the Lessee pays only that portion of real estate and school taxes or installments thereof in respect of periods that fall between the date hereof and the date of expiry of the Term of the Lease. The Lessee is not responsible for any income tax, capital tax, excise tax or other similar tax or charge, or inheritance, franchise, capital levy transfer, estate, succession or other similar tax or charge that

may be payable by or chargeable to the Lessor under any present or future laws (other than, for greater certainty, the sales tax).

#### **9.4 Taxes Payable by the Lessee**

The Lessee shall pay the general or special real estate and school taxes including surtaxes on non residential buildings as well as other assessments imposed on the Land and the Building on their due date as well as any other assessment imposed directly on the Lessee and resulting from the present Lease. The Lessee must promptly provide the Lessor, after such payment and upon demand from the Lessor, with proof of payment of such taxes and permits. Furthermore, at any time and from time to time during the Term of the present Lease, promptly following a request of the Lessor to the Lessee to this effect, the Lessee shall remit to the Lessor all proof of payment of such taxes and permits.

#### **9.5 Lessee's Taxes**

The Lessee shall pay to the appropriate and lawful taxing authorities and shall discharge when the same become due and payable, all Lessee's Taxes.

#### **9.6 Reimbursement of Lessee's Taxes Paid by the Lessor**

Should any law or regulation of any competent authority decree that the Lessor must pay a certain tax normally paid by the Lessee, or should the method of collection of certain taxes be altered to render the Lessor responsible therefor rather than the Lessee, or should such taxes be replaced by other taxes payable by the Lessor, the Lessee must reimburse the Lessor, within ten (10) days of the request made to it by the latter, for any sum thus claimed from the Lessor by the competent authorities, and it shall warrant the Lessor against all costs and expenses relating thereto.

### **10. SIGNS**

#### **10.1 Lessee's Signs**

The Lessee may erect sign(s) (the "**Signs**") on the exterior of the Building denoting its tenancy therein provided such Signs conform to all applicable laws and by-laws. All Signs shall remain the property of the Lessee and shall be maintained at the Lessee's sole cost and expense. At the expiration of the Term or earlier termination of this Lease, the Lessee shall remove all Signs from the Premises at the Lessee's expense and shall promptly repair all damage caused by their installation or removal failing which the Lessor may do so.

### **11. ASSIGNMENT AND SUB-LEASE**

#### **11.1 Assignment or Sub-Lease**

The Lessee may not transfer or otherwise assign the present Lease, sub-let the Premises, in whole or in part, nor allow any charge to affect the present Lease, the Premises, the Lessee's Improvements or any part thereof, nor tolerate or permit the occupation of the Premises, in whole or in part, by other persons, without having obtained the prior written consent of the Lessor, which consent may not be refused or withheld without serious reason.

## **11.2 Conditions Relating to the Consent**

Whenever the Lessor has given its consent to any assignment or a sub-lease, such consent will be subject to the following conditions:

- (a) the assignee, sub-lessee or occupant (i) having a good credit rating and (ii) capable of financing its acquisition of the Lessee's business and the Lease on terms and conditions at least as favourable as those originally obtained by the Lessee;
- (b) the agreement of assignment or sub-lease shall be drafted by the Lessee's notary in the form chosen by the Lessor and signed by the Lessee, assignee, sub-lessee or occupant, as the case may be;
- (c) the Lessee is solidarily liable with any assignee, sub-lessee or occupant for the fulfilment of all the terms and conditions of the present Lease, including the payment of the Rent, until the expiration of the Lease, provided that the Lessee shall be released from all obligations arising after the expiry of the Lease or any renewal thereof;
- (d) the Lessee shall immediately pay to the Lessor any consideration, including any increase in Basic Rent received by it directly or indirectly from an assignee, sub-lessee or occupant, whether this be in money, goods or services in excess of the Basic Rent agreed to between the Lessor and the Lessee;
- (e) the Lessee shall reimburse all reasonable expenses incurred by the Lessor relating to the preparation of the documents intended to put into effect the contemplated assignment or sub-lease; and
- (f) the permitted use of the Premises and all other conditions of the present Lease shall remain unchanged.

## **11.3 Consent Required for a New Assignment or Sub-Lease**

Despite its consent to any assignment or sub-lease, the Lessor will in no way have renounced to the provisions of this Section 11, nor have thus consented to any subsequent assignment or sub-lease.

## **11.4 Permitted Transfer**

Notwithstanding the foregoing, the Lessee shall be entitled to transfer this Lease or sublease all or part of the Premises in conjunction with any of the following transactions, without having to obtain the Lessor's consent, provided written notice of such transfer shall be delivered to the Lessor prior to the effective date of such transfer: (a) an assignment of the Lease or the sublease of the Premises in whole or in part to: (i) an Affiliate, or (ii) a partnership or joint venture in which the Lessee holds a Controlling interest.; and/or (b) an assignment of the Lease in conjunction with the sale of all or substantially all of the Lessee's assets as a going concern (for greater certainty not only at the Premises, but other places of business of the Lessee).

**"Affiliate"** means with respect to any Person, any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such Person. **"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through ownership of securities or other ownership interests, by contract or otherwise. **"Controlling"** and

"**Controlled**" have corresponding meanings. "**Person**" means any individual, partnership, corporate entity, trust or any combination of them.

For clarity, the Lessee shall remain solidarily liable with any new tenants under a permitted transfer as provided in this Section 11.4, for the fulfilment of all the terms and conditions of the present Lease, including the payment of the Rent, until the expiration of the Lease, provided that the Lessee shall be released from all obligations arising after the expiry of the Lease or any renewal thereof.

## **12. INSURANCE, LIABILITY AND INDEMNIFICATION**

### **12.1 Lessee's Insurance**

The Lessee shall, at its own expense, take out the following insurance policies and maintain them in force throughout the Term of the present Lease:

- (a) All-Risk Insurance: An all-risk insurance policy in an amount covering the replacement value of the Premises, and of all insured objects in/on the Premises, such as furniture, Lessee's Improvements and the stock in trade belonging to the Lessee or for which it is responsible. Such insurance policy shall include coverage against business losses for a period of at least twelve (12) months for the benefit of the Lessor in order to ensure the payment in full of Rent.
- (b) Civil Liability Insurance: A civil liability insurance covering bodily damage, including death, and material damage to third parties for a minimum amount of FIVE MILLION DOLLARS (\$5,000,000.00) per loss. This policy must, amongst, others, cover the indirect civil liability of property owners and builders, liability assumed by contract, civil liability for personal injury and eventual owner's liability.
- (c) Plate-Glass Insurance: An insurance policy for the plate-glass in an amount sufficient to replace any window pane in the Premises and the doors and windows thereof.
- (d) Any other form of insurance as the Lessee or the Lessor or the Lessor's mortgagee may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would insure.

Any insurance required pursuant to this Lease shall be satisfied by way of valid and enforceable insurance policies issued by recognized insurers holding a permit authorizing them to carry on business in the Province of Québec, in a form which the Lessor shall deem satisfactory acting reasonably. Each insurance policy referred to in Section 12.1 shall designate the Lessor and its mortgagees or hypothecary creditors as additional insureds, as their interests may appear and shall include a waiver of any right of subrogation which the insurers of the Lessee may have against the Lessor and/or those persons for whom the Lessor is legally liable, and, with respect to civil liability insurance, shall contain cross-liability and contractual liability clauses. All policies shall include the undertaking of the insurers to notify the Lessor in writing, at the address set out in this respect, at least thirty (30) days prior to any material change, or to the cancellation or termination thereof.

### **12.2 Proof of Coverage**

The Lessee shall supply certified copies of the insurance policies which it maintains in force under the terms of the present section and satisfactory proof of actual payment of the premiums before the date hereof and

thereafter during the Term of the present Lease, at the latest on the date of expiry of the insurance policies required hereunder. In the event that the Lessee fails to take out the required insurance or to provide the Lessor with a copy of the insurance policies, or satisfactory proof of payment of the premiums, the Lessor may, after giving reasonable notice thereof to the Lessee, take out such insurance and recover any premium thus paid, plus administrative fees of fifteen percent (15%) relating thereto.

### **12.3 Dangerous Actions/Substances**

The Lessee shall not take any action, do anything or maintain within, or near, the Premises anything whatsoever which might increase the risk of fire outbreak or the premiums or the premiums rates in respect of the Land and/or the Building and/or the Lessor.

The Lessee shall not bring into the Premises inflammable, explosive or other material or substances which would increase the risk of fire outbreak or the premiums or the premiums rates in respect of the Land and/or the Building and/or the Lessor. The Lessee shall conform to the rules and regulations of its own insurers and of the insurers of the Lessor, as well as of any inspector carrying out an inspection of the Premises at the request of the Lessor or of any association of insurers relating to the insurance of the Premises.

### **12.4 Insurance Policies covering the Land, the Building and the Lessor**

The Lessee shall ensure that insurance policies covering the Land, the Building and the Lessor, including the civil liability insurance of the Lessor, are in force during the Term and the Lessee shall, at its sole cost and expense, pay the insurance premiums of such insurance policies. The Lessee must promptly provide the Lessor, after such payment and without demand from the Lessor, with certified copies and proof of payment and renewal of such insurance policies. Furthermore, at any time and from time to time during the Term of the present Lease, promptly following a request of the Lessor to the Lessee to this effect, the Lessee shall remit to the Lessor all certified copies and proof of payment and renewal of such insurance policies. In the event that the Lessee fails to maintain the required insurance or to provide the Lessor with a copy of the insurance policies, or satisfactory proof of payment of the premiums, the Lessor may, after giving reasonable notice thereof to the Lessee, take out such insurance and recover any premium thus paid, plus administrative fees of fifteen percent (15%) relating thereto.

In the event that the insurance premiums relating to any one of the policies covering the Land and/or the Building and/or the Lessor are increased following any violation of any of the provisions of the present Lease by the Lessee or as a result of the nature of its business or activities, the Lessor may, in addition to all of the recourses available to it pay the amount of any such increase in premium and the Lessee must reimburse such sum to the Lessor, plus administrative fees of fifteen percent (15%) relating thereto.

After the initial Term of the lease and for any Extended Term, the Lessor will take at its own expenses such insurance policies covering the Land, the Building and the Lessor, including the civil liability insurance of the Lessor.

### **12.5 Cancellation of Insurances**

Should an insurance policy covering the whole or any part of the Premises, the Building, the Land, the Lessor or the Lessee be cancelled or about to be cancelled, or should the coverage under the terms of the said policy be reduced in any way by the insurer, as a result of the use and occupation of the Premises or should the Lessee fail to rectify the cause of such cancellation, threat of cancellation or reduction in coverage within twenty-four (24) hours after having been advised thereof by the Lessor, the latter may, at its discretion, either:

- (a) immediately retake possession of the Premises and give the Lessee written notice of its intentions, the whole in accordance with the provisions of Section 21; or
- (b) enter into the Premises and rectify the situation giving rise to such cancellation, threat of cancellation or reduction in coverage; the Lessee must then immediately pay the cost thereof to the Lessor, plus administrative fees of fifteen percent (15%) relating thereto; on the occasion of such entry into the Premises, the Lessor shall not be liable for any damage or loss caused to the property in the Premises, whether it belong to the Lessee or to anyone else.

## **12.6 Non-Liability**

The Lessor shall not be liable for any property damages or bodily injury occurring upon the Premises, or in or on the Land/Building, at any time and for any reason whatsoever, except where its gross fault or gross negligence shall be the direct and immediate cause thereof. Subject to Section 14.4, the Lessee shall not be entitled to any abatement or suspension of payment of Rent nor shall it have any remedy against the Lessor in the event of the partial or total interruption of services or in the event of damages caused by a slowdown or interruption of heating, air conditioning, electricity for lighting purposes or the operation of machinery, of water, plumbing, sewers, or any other service, or in the event of damages or inconvenience resulting from the infiltration or presence of water, snow or ice on the roof, skylights, trap-doors, windows or otherwise, or a result of any defect or breakage whatsoever of pipes, tanks, movable property that is permanently installed or any other apparatus or device causing the seepage, infiltration or the dripping of vapour, water, snow, smoke or gas in the Premises, or in the event of damages or inconvenience resulting from the condition or arrangement of electrical wires or cables or others, or caused by any act, omission or negligence of owners or occupants of adjacent or abutting properties, or attributable to the performance of major repairs, alterations, improvements or structural conversions of the Building or the Land or any other thing or service within, outside or adjacent to the Building/Land.

## **12.7 Indemnity of Lessor by Lessee**

In addition to and without limiting or being limited by any other indemnity in this Lease, but rather in confirmation and furtherance thereof, the Lessee shall indemnify, defend by counsel reasonably acceptable to the Lessor and hold the Lessor, and its shareholders and members, and their respective officers, directors, members, partners, agents, employees, successors and assigns harmless of, from and against any and all Damages in connection with injury to or death of any person or with respect to damage to or theft, loss or loss of the use of any property, or any other loss or injury whatsoever, occurring in or about the Premises (i) arising from the Lessee's occupancy of the Premises, or the conduct of its business or from any activity, work, or thing done, permitted or suffered by the Lessee in or about the Premises, or (ii) arising from any breach or default on the part of the Lessee in the performance of any covenant or agreement on the part of the Lessee to be performed pursuant to the terms of this Lease, or (iii) due to any other negligent act, fault or omission or any default or willful misconduct of the Lessee, or any of its employees, agents, licensees, invitees or contractors.

## **13. MAINTENANCE, REPAIRS AND ALTERATIONS**

### **13.1 Maintenance and Repairs by the Lessee**

13.1.1 Subject to the Lessor's repair and replacement obligations set out in Section 13.2 and reasonable wear and tear, the Lessee shall at all times at its sole cost and expense make all non-capital repairs and replacements to the Premises and maintain, operate, secure, supervise,

administer and manage the Premises, including all leasehold improvements, so that they are at all times during the Term in good order, condition and repair, as would a prudent lessee of premises similar to the Premises. For clarity, the Lessee shall notably arrange for and pay for the following services:

- (a) Real estate taxes, school taxes and other taxes (including Lessee's Taxe) as set out in Section 9;
- (b) Waste removal costs;
- (c) Utility costs as set out in Section 7.2;
- (d) Costs as set out in Section 8; and
- (e) Those maintenance, repair and replacement costs set out in the first paragraph of this Section 13.1.1.

13.1.2 The Lessee may, at any time and at its own expense, carry out all Lessee's Improvements to the Premises which, according to it may best answer the needs of its business, on condition, nevertheless:

- (a) that before undertaking such work, it first submits the plans and specifications to the Lessor and receive the written approval of the latter;
- (b) that it pays all reasonable out of pocket expense incurred by the Lessor for the approval of the plans and specifications of the Lessee's Improvements, including any relevant architect, engineer, contractor, sub-contractor or real estate manager that would need to be involved, as the case may be;
- (c) that it brings about no alterations, additions or improvements to the Structure or to the exterior walls;
- (d) that it causes to be taken away in a reasonable time from the Premises the rubbish and waste materials which have accumulated thereon during such work.

13.1.3 Notwithstanding Section 13.1.2, the Lessee shall not be required to obtain the Lessor's written approval with respect to any minor repairs, alterations, replacements to the Premises.

13.1.4 The Lessee will perform its obligations in this Section 13.1 in a timely and good and workmanlike manner as would a prudent lessee of premises similar to the Premises. The Lessee's alterations and leasehold improvements shall be performed by competent workmen and in a good and workmanlike manner and in accordance with all applicable laws. Notwithstanding anything to the contrary in this Lease, under no circumstance shall the Lessor be considered a general contractor for any Lessee's work or Improvements or removal thereof.

13.1.5 Should, as a result of such maintenance, repair or work or Improvement made by the Lessee, any legal hypothec be published against the Land and/or Building for work claimed to have been done or materials claimed to have been furnished to the Lessee, the latter shall diligently prepare and file all the requisite documents to cause the same to be radiated at the Land Registry, at the Lessee's expense, and/or diligently, and at its expense, vigorously contest same by all legal means and without interruption, in which latter case, the Lessee will furnish to the Lessor adequate and reasonable security which the Lessor may require in the circumstances.

### **13.2 Lessor Repair and Replacement Obligations**

13.2.1 The Lessor shall, throughout the Term, expeditiously, as would a careful and prudent owner of a similar property, do the following:

- (a) repair, correct and/or replace all defects or weaknesses to the Structure and make all required repairs and replacements to the Structure, all of which shall be at the Lessor's sole cost and expense and which costs shall not be included or charged back to the Lessee as Additional Rent or otherwise, except to the extent that the costs for any such repairs or replacements are required as a result of any act or omission of the Lessee, its employees, agents or those for whom it is in law responsible; and
- (b) make and perform all required capital repairs and replacements to the Premises (excluding for greater certainty such repairs and replacements related to Lessee's Equipment), and, to the extent such required capital repairs and replacements to the Premises occur after the initial Term of two (2) years, the applicable cost thereof (excluding however any such costs which relate to the Lessor's repair and replacement obligations set out in paragraph (a) above) shall be amortized on a straight line basis, with interest on the unamortized cost thereof at two percent (2%) in excess of the Prime Rate, over a period equal to the useful life thereof in accordance with Generally Accepted Accounting Principles (GAAP) (with the Lessor bearing any amortized costs which extend beyond the expiration of the Term) and such amortized cost shall be paid by the Lessee to the Lessor as Additional Rent, on a monthly basis until the earlier of (i) the expiry of the Term or any renewal or extension thereof or (ii) expiry of the amortization period described herein; for avoidance of doubt, any required capital repairs and replacements to the Premises (excluding for greater certainty such repairs and replacements related to Lessee's Equipment) occurring during the initial Term of two (2) years shall be solely assumed by the Lessor and no amortization shall be charged to the Lessee;

13.2.2 The Lessor will perform its obligations in this Section 13.2 in a timely and good and workmanlike manner and in accordance with all applicable laws.

### **13.3 Surrender of the Premises**

At the expiration of the Term or earlier termination of this Lease, the Lessee shall peaceably surrender and yield up the Premises to the Lessor in as good a condition and state of repair as the Lessee is required to maintain the Premises throughout the Term, surrender all keys and pass cards for the Premises to the Lessor at the place then fixed for the payment of Rent and inform the Lessor of all combinations of locks, safes and vaults, if any, in the Premises.

### **13.4 No Obligation of Removal and Restoration by Lessee**

The Lessee shall have no obligation to remove any leasehold improvements or any obligation to return the Premises back to base building condition, but the Lessee shall peaceably surrender and yield up the Premises to the Lessor in as good a condition and state of repair as the Lessee is required to maintain the Premises throughout the Term. At any time during the Term or at the expiry or earlier termination thereof, the Lessee may remove from the Premises any alterations and improvements for which the Lessee has

paid including its furniture, equipment (including Lessee's Equipment) and trade fixtures and leasehold improvements provided that the Lessee repairs any damage caused by such removal.

## **14. DAMAGE OR DESTRUCTION**

### **14.1 Minor Casualty**

If the Building is damaged by fire or other casualty and if such damage does not render all or a substantial portion of the Building untenantable, then the Lessor shall proceed with reasonable diligence to repair and restore the Building to as near its condition prior to such damage as reasonably possible excluding leasehold improvements and non-base building items, subject to reasonable delays for insurance adjustments and delays caused by matters beyond the Lessor's reasonable control, and also subject to zoning laws and building codes then in effect.

### **14.2 Major Casualty**

If any such damage renders all or a substantial portion of the Building untenantable, as determined by a qualified, independent architect or engineer selected by the Lessor and Lessee jointly (the "**Consultant**"), the Lessor shall, with reasonable diligence after the occurrence of such damage, cause the Consultant to estimate the length of time that will be required to substantially complete the work necessitated by such damage to repair and restore the Building to as near its condition prior to such damage as reasonably possible excluding leasehold improvements and non-base building items, and shall advise the Lessee of such estimate. If it is estimated that the amount of time required to substantially complete such repair and restoration will exceed one hundred eighty (180) days from the date such damage occurred, then the Lessor or the Lessee may terminate this Lease at any time within twenty (20) days after the Consultant delivers its estimate. Unless this Lease is terminated as provided in the preceding sentence, the Lessor shall proceed with reasonable diligence to complete such repair and restoration, subject to reasonable delays for insurance adjustments and delays caused by matters beyond the Lessor's reasonable control, and also subject to zoning laws and building codes then in effect. If such repairs and restoration are not completed by the date (the "**Outside Date**") which is twelve (12) months after the date of such fire or other casualty (or ninety-five (95) days after the expiration of the time period estimated by the Consultant if the estimate was longer than one hundred eighty (180) days and neither party terminated the Lease as permitted), then either party may terminate this Lease within thirty (30) days after the Outside Date, but prior to substantial completion of repair or restoration.

### **14.3 Limitations**

Notwithstanding anything to the contrary in this Lease:

- 14.3.1.1 the Lessor has no duty pursuant to this Section 14 to repair or restore any portion of the leasehold improvements or non-base building items, the Lessee's alterations or any other improvements, additions or alterations made in the Premises;
- 14.3.1.2 if any such damage rendering all or a substantial portion of the Building untenantable shall occur during the twenty-four (24) months of the Term, either party may terminate this Lease by giving notice to the other within thirty (30) days after the date such damage occurred, which termination will be effective as of the date of such notice;
- 14.3.1.3 in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are substantially insufficient to pay for the costs of rebuilding the Building,

or are not payable to or received by the Lessor, or in the event that any hypothecary lender or other person entitled thereto shall not consent to the payment to the Lessor of the proceeds of any insurance policy for such purpose, or in the event that the Lessor is not able to obtain all necessary governmental approvals and permits to rebuild the Building, the Lessor may elect, on notice to the Lessee, within thirty (30) days of such damage or destruction, to terminate this Lease, which termination will be effective as of the date of such notice.

#### **14.4 Abatement of Rent**

Except to the extent arising from the negligence, default or wilful misconduct of the Lessee or its agents, employees, contractors or invitees, if any fire or casualty damage renders the Building or any portion of it untenantable and this Lease is not terminated pursuant to this Article 14, then Rent will abate during the period beginning with the date of such damage and ending thirty (30) days after the date when the Lessor substantially completes its repair or restoration required under this Lease. The abatement will be calculated by multiplying the total amount of Rent for such period by a fraction the numerator of which is the portion of the rentable area of the Building which is untenantable and the denominator of which is the rentable area of the Building. If this Lease is terminated pursuant to this Article 14, the Lessee shall pay Rent, apportioned on a per diem basis, to the date of the termination.

#### **14.5 Untenantability**

As used in this Lease, the term "**untenantable**" means reasonably incapable of being occupied for its intended use due to damage to the Building or any part thereof.

### **15. RIGHT OF ACCESS**

#### **15.1 Right of Entry**

The Lessor and its agents may from time to time enter the Premises on 48 hours' prior written notice (except in the event of an emergency, in which case Lessor may enter the Premises without notice) to examine the same and to undertake maintenance of and to make repairs or replacements to the Premises or any part thereof or any systems therein to the extent necessary for Lessor to fulfill its maintenance, repair and replacement obligations hereunder, and in all events subject to Lessee's reasonable security requirements. The Lessee may require that the Lessor or its agent(s) be accompanied by a representative of the Lessee at all times during the Lessor's entry into or upon the Premises (except in the event of an emergency, in which case it shall promptly notify the Lessee). The Lessee shall not obstruct any pipes, conduits, ducts, mechanical shafts or electrical equipment so as to prevent reasonable access thereto.

#### **15.2 Purchaser or Potential Lessees**

During the twelve months preceding the expiry of the Term of the present Lease or of any renewal thereof, the Lessor may, during business hours, have the Premises visited by potential lessees and post the usual "For Rent" sign. During the Term of the present Lease or any renewal thereof the Lessor may, during business hours, have the Premises visited by potential purchasers and post the usual "For Sale" sign on the Premises. The Lessee hereby agrees to tolerate such signs.

#### **15.3 Lessor's covenant for Quiet Enjoyment**

The Lessee may, subject to the terms and conditions of this Lease, peaceably possess and enjoy the Premises throughout the Term.

## **16. RESPECT FOR THE LAW AND COMPENSATION**

### **16.1 Respect by the Lessee of Laws and Regulations**

The Lessee shall, with due diligence and at its own expense, conform to the laws, rules, ordinances, orders and regulations in force of municipal, provincial and federal governments, and of all departments, commissions and agencies of these governments, as the case may be, and of any other governmental authority exercising any jurisdiction whatsoever over the Premises, the Lessee's Equipment or accessories installed therein, the occupation of the Premises by the Lessee or the operations of the Lessee in the Premises, save for modifications, alterations or changes of or to the Premises which fall within the scope of the Lessor's repair and replacement obligations under Section 13.2 (excluding for greater certainty such modifications, alterations, changes, repairs and replacements related to Lessee's Equipment).

### **16.2 Respect by the Lessor of Laws and Regulations**

The Lessor shall, with due diligence and at its own expense, conform to the laws, rules, ordinances, orders and regulations in force of municipal, provincial and federal governments, and of all departments, commissions and agencies of these governments, as the case may be, and of any other governmental authority exercising any jurisdiction whatsoever over the Land/Building, subject to (i) the terms provided for in Section 16.1, (ii) modifications, alterations or changes to the Lessee's Equipment which shall be the Lessee's responsibility and (iii) to any negligent act or omission or any fault or default or willful misconduct of the Lessee, or any of its employees, agents, licensees, invitees or contractors.

## **17. ENVIRONMENT**

### **17.1 Definitions**

For the purpose of this Section 17, the following terms have the following meaning:

**"Environmental Laws"**: means all applicable federal, provincial and municipal laws, rules, regulations, by-laws, notices, orders, judgments, policies, directions, guidelines, permits, licenses, authorizations, certificates, decrees, registrations, contracts and other similar instruments of all governmental authorities relating to environment, public health and safety matters, pollution, Hazardous Substances or the protection of the environment, including civil responsibility for acts or omissions with respect to the environment.

**"Hazardous Substances"** means any waste or other substance or material that is regulated, prohibited, listed, defined, designated or classified as, or otherwise determined to be, dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any Environmental Laws.

### **17.2 Lessor Covenants**

Notwithstanding any other provision of this Lease, the Lessee assumes no responsibility and has no obligation with respect to, and the Lessor shall indemnify and save harmless the Lessee, its officers, directors, employees and mandataries (the "**Lessee Indemnified Parties**") from any Damages the Lessee Indemnified Parties may suffer or incur, arising out of or in any way connected with any breach or violation of Environmental Laws or concerning any Hazardous Substances or other environmental condition affecting the Premises and existing in whole or in part on or prior to the Commencement Date, whether or not known at such time, and for any Hazardous Substances or environmental condition caused directly or indirectly by the Lessor, any third party or migrating from a neighboring property, after the Commencement Date,

including any failure by Lessor, or its officers, directors, employees or mandataries to comply with Environmental Laws. These provisions shall survive the expiry or earlier termination of the Lease.

### **17.3 Lessee Covenants**

The Lessee hereby declares and agrees as follows:

- (a) that all property and equipment installed in the Premises or on the Land by the Lessee during the Term shall comply with Environmental Laws;
- (b) that all activities carried on in the Premises by the Lessee and those for whom it is at law responsible during the Term shall conform to all laws respecting the environment, including with respect to its use, storage, handling or release of Hazardous Substances;
- (c) immediately following obtaining knowledge of any discharge, disposal, dumping, dispersion or release at the Premises, during the Term, by the Lessee or any person for whom it is at law responsible, of any Hazardous Substances in violation of Environmental Laws ("Lessee Contamination"), the Lessee shall, at its expense, (i) promptly notify the Lessor of such Lessee Contamination, and (ii) remediate such Lessee Contamination in compliance with Environmental Laws.

The Lessee undertakes and covenants to indemnify the Lessor in respect of all damages, expenses, fees and losses which the Lessor may incur, including any judgments, whether civil or criminal, which may be handed against the Lessor as a result of complaints, investigations or other steps taken concerning the acts or omissions of the Lessee or its representatives in violation of Environmental Laws.

If Lessee changes the use of the Premises, it undertakes to conduct at the expiry or earlier termination of the Lease, at its sole cost and expense, all environmental site assessments of the Premises required pursuant to Environmental Laws, in accordance with applicable Environmental Laws, and deliver to the Lessor copies of the report of such environmental site assessments together with a reliance letter, which shall be satisfactory to the Lessor, acting reasonably. Should any of such reports demonstrate the presence of Hazardous Substances exceeding applicable standards pursuant to Environmental Laws which constitutes Lessee Contamination, the Lessee shall promptly and diligently hire a reputable environmental consulting firm approved by the Lessor, acting reasonably, to perform the rehabilitation of the Lessee Contamination at the Premises at the Lessee's sole cost and expense, in compliance with Environmental Laws, in order to achieve compliance with applicable standards for a commercial or industrial use of the Premises, and deliver to the Lessor a copy of the rehabilitation report together with a reliance letter, which report and letter shall be satisfactory to the Lessor, acting reasonably. Such rehabilitation shall be performed promptly and diligently and shall include the repair of any damages caused to the Premises or to Lessor's assets, property or improvements to the Premises.

These provisions shall survive the expiry or earlier termination of the Lease.

## **18. OBLIGATIONS OF THE LESSEE**

### **18.1 Additional Obligations of the Lessee**

In addition to the obligations already assumed in virtue of the present Lease, the Lessee hereby undertakes to:

- (a) pay the Rent herein stipulated;
- (b) see that the appropriate maintenance and upkeep is done and to keep the Premises in accordance with Section 13.1;
- (c) not require the publication of the present Lease other than by notice, at its own expense. The notice shall not contain any monetary clause;
- (d) do nothing which may constitute a nuisance to the rights of the Lessor;
- (e) see that its use of energy does not exceed the capacity of all equipment and systems to supply energy to the Premises and to assume all costs in heating, air conditioning, gas and electricity regarding the Premises; and
- (f) To pay for utility expenses in accordance with Section 7.2.

## **19. EXPROPRIATION**

Should an authority expropriate, in whole or in part, for public or quasi-public purposes, the Land/Building, such that it becomes impossible, in the opinion of either party, to operate the Land/Building, such party shall, if the Premises are no longer available for the purposes of the Lessee, terminate the Lease as of the date of expropriation by the applicable authority after having provided notice to this effect to the other at any time prior to the expropriation date, without the Lessor incurring any additional duty or obligation towards the Lessee and without the Lessee being entitled to any remedy against the Lessor for the value represented by the unexpired Term of the Lease and any other damages suffered by the Lessee, the latter, however, no longer being required to pay the Rent as of the date of termination of the Lease.

The Lessor and Lessee shall co-operate with each other regarding any expropriation of the Land/Building or any part thereof, so that each may receive the maximum award to which it is entitled at law.

## **20. ESTOPPEL**

### **20.1 Certification of the Validity of the Lease**

At any time and from time to time during the Term of the present Lease and within ten (10) days following a request of one party to the other to this effect, the other party shall sign and remit to any designated person a certificate which may indicate, amongst others:

- (a) that the present Lease has been validly signed with the requisite formalities;
- (b) that the present Lease has not been altered and that it is fully enforceable;
- (c) the Commencement Date of the Lease and its date of expiry;
- (d) the date on which the Rent has been paid;
- (e) that the other party is not presently in default under the Lease and that there is no actual or alleged infraction on the part of one or other of the parties hereto; in the affirmative, the certificate must specify the nature and extent of such infractions;

- (f) that no Rent has been paid more than thirty (30) days before its due date; and
- (g) that to its knowledge the Premises are free from any defect of construction.

## **21. INFRACTIONS**

### **21.1 Events of Default**

The Lessee contravenes the provisions of this Lease and incurs the penalties stipulated herein, in addition to the penalties provided by the laws in force:

- (a) should the Lessee be in default in the payment of Rent or any other sum due under this Lease, as and when the same becomes due unless such default is cured within five (5) days of a written notice to the Lessee or upon the occurrence of three (3) or more instances of late payments by the Lessee, in which event no further notice will be required in order for such default to be considered an event of default hereunder;
- (b) should any writ of execution be taken out against the goods or property of the Lessee (which is not being contested in good faith by the Lessee and within a reasonable delay);
- (c) should it become insolvent, make a general assignment of its assets in favour of its creditors, become bankrupt or liquidate its affairs, or take advantage of any law relating to insolvency or bankruptcy, or should a sequestrator or trustee be appointed to take over the property of the Lessee or part thereof, or should any action be taken against the Lessee following a judgment or in conformity with the provisions of the Lease;
- (d) should an application, motion, certificate or ordinance be taken or be granted for the liquidation or dissolution of the property of the Lessee, whether this be voluntary or not;
- (e) should the Premises become vacant at any time during the Term of the Lease because of the abandonment thereof by the Lessee or following its expulsion by judicial proceedings taken for non-payment of rent, violation of an undertaking or for any other cause;
- (f) should the Lessee fail, within fifteen (15) days following written notice from the Lessor, to rectify any infraction in the observance or execution of one or other of the non-monetary undertakings, provisions, stipulations and conditions contained in the present Lease or should the Lessee or one of its agents falsify a statement to be provided to the Lessor;
- (g) should an insurance policy taken out for the Premises, the Land, the Building, the Lessee or the Lessor be cancelled or threatened with cancellation because of the use and occupancy of the Premises or part thereof by the Lessee;
- (h) should the Lessee fail to respect the provisions of these presents concerning assignment or sub-lease; and
- (i) should the Premises be used by any other person or for purposes other than those provided for in the present Lease without the written consent of the Lessor.

## **21.2 Right of the Lessor to Put an End to the Lease**

In case of a default on the part of the Lessee, as specified in the Section 21.1, the Lessor may, at its option, give written notice to the Lessee of its intention to put an end to the Lease and the Term of the Lease will expire (i) from the tenth (10<sup>th</sup>) day of the date of the notice, in the case of any failure to pay the Rent or other amounts owing, or (ii) from the twentieth (20<sup>th</sup>) day of the date of the notice thus given in any other cases of default, just as if such tenth (10<sup>th</sup>) or twentieth (20<sup>th</sup>) day were the date indicated for the expiry of the Term of the Lease. Such termination shall be binding to the same extent as the expiry date of the Lease, without it being necessary to initiate legal proceedings. The Lessee expressly waives any rights or benefits which may be available to it pursuant to Article 1883 of the *Civil Code of Quebec*.

## **21.3 Obligation for the Lessee to no Longer Occupy the Premises**

In the event that the Lease has come to an end in accordance with the provisions of the present Section 21, the Lessee shall abandon the Premises or, if it has not yet taken possession thereof, renounce to its right to occupy same. The Lessor, its agents and employees may, without delay and at any time thereafter, take back possession of the Premises, evict the Lessee and any other person from the Premises and remove all the property found therein; such property may be taken away and stored in a public warehouse or elsewhere at the Lessee's expense, the whole without notice or recourse to judicial proceedings, and the Lessor shall not be held liable for having entered the Premises without permission nor for loss or damage resulting therefrom.

## **21.4 Amount Owing to the Lessor**

Should an event of default occur in accordance with this Lease, the Rent for the current month, all Rent in arrears which may exist and a lump sum by way of contractual damages equal to three (3) months of Rent (or until the expiry of the Term of the Lease if there are less than three (3) months remaining) shall become immediately due and payable, subject to the right of the Lessor to claim additional damages as a result of any harm suffered due to the default of the Lessee.

This clause shall be interpreted or construed in order to enable the Lessor to collect "accelerated rent" pursuant to the provisions contained in Paragraph 136(1)(f) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3.

## **21.5 Right to Cure Default**

Notwithstanding any contrary provision herein, should there be an event of default of the Lessee, the Lessor shall have the option to cure any such event of default and to claim from the Lessee all costs and fees resulting therefrom, plus administration fees of fifteen percent (15%), without limiting the other rights and remedies of the Lessor. All such amounts shall be payable upon mere request of the Lessor.

## **21.6 Fees and Disbursements**

Should the Lessor be required to retain legal counsel or any other expert in order to enforce performance by the Lessee of any of its duties and obligations pursuant to this Lease, the Lessee undertakes and covenants to repay to the Lessor, upon request, all reasonable fees resulting therefrom, of any nature whatsoever, including legal, judicial and extrajudicial fees and disbursements, plus an indemnity equal to fifteen percent (15%) of all amounts that the Lessee owes to the Lessor. All such amounts shall be payable upon mere request of the Lessor.

**22. EMPHYTEUSIS**

**22.1 Absence of Creation of Emphytheusis**

Nothing contained herein shall have the effect to making the present Lease and emphyteutic lease and no right of ownership by the Lessee shall be deemed to have been created under the terms of these presents.

**23. CUMULATIVE RIGHTS**

All the rights and recourses of the Lessor are cumulative and not alternative.

**24. OTHER CONDITIONS**

**24.1 Real Estate Broker**

The Lessee hereby warrants that no real estate agent or broker has negotiated or participated in the negotiations and conclusion of this Lease. The Lessee hereby undertakes to pay the commissions due to any agents working for it.

**25. RENUNCIATION**

**25.1 Renunciation or Amendment**

Any renunciation or amendment to the terms and conditions of the Lease may be effected only in writing.

**25.2 Failure by the Lessor to Require the Respecting of Any Condition**

The failure by the Lessor to insist that the Lessee conform to any provision or condition of the Lease or its failure to avail itself of any right granted to it in virtue of these presents shall not constitute a renunciation to such provision, condition or right in virtue of this Lease, nor an abandonment thereof, and they shall always retain their full force and effect.

**25.3 Acceptance of Payment of the Rent made by another person than the Lessee**

The Lessee, and any other person claiming to be a sub-lessee or assignee of the Lessee, hereby agrees that acceptance of the payment of the Rent made by any person other than the Lessee shall not constitute an acknowledgment of rights other than those which have been granted under the terms of these presents, nor a renunciation to any of the Lessor's rights, nor an admission that such person is deemed to be a sub-lessee or an assignee of the present Lease, regardless of whether or not the Lessee claims otherwise.

**26. NOTICES AND DEMANDS**

**26.1 Delivery of Notices by the Lessor**

Any notice given or demand made in accordance with the Lease, by the Lessor to the Lessee, shall be considered as having been duly given or duly made as soon as it has been delivered to the Lessee in person or left on the Premises or sent to the Lessee at the address of the Premises, or sent electronically to any other address which the Lessee may indicate in writing to the Lessor.

## **26.2 Delivery of Notices by the Lessee**

In the same manner, any notice given or demand made by the Lessee to the Lessor shall be considered as having been duly given or duly made as soon as it has been delivered to the Lessor in person or sent by mail to **[Redacted - Confidential Information]**, or sent electronically to any other address which the Lessor may indicate in writing to the Lessee.

## **26.3 Election of Domicile by the Lessee**

For purposes of delivery of any notice, legal proceedings or other legal documents relating to any law or proceedings, which the Lessor has taken against the Lessee, the latter elects domicile on the Premises.

## **27. RENEWAL**

### **27.1 Absence of Tacit Renewal**

Notwithstanding the provisions of the *Civil Code of Quebec*, there will be no tacit renewal of the present Lease. Should the Lessee have to remain in possession of the Premises after the expiration of the Lease or renewal thereof without the written consent of the Lessor, such prolonged occupancy will be subject to a monthly payment, payable in advance, equal to 1.5x the monthly payment of the Basic Rent for the last month of the Lease, without affecting the rights of the Lessor to retake possession of the Premises and to evict the Lessee therefrom without notice or indemnification to the latter, nor the other recourses which the Lessor may have under the terms of these presents or by law.

## **28. PROLONGATION**

Provided that the Lessee has fulfilled all of its obligations and has advised the Lessor six (6) months prior to the expiry of the Lease (the "**Exercise Date**"), the Lessee may at its option prolong the present Lease for **[Redacted - Commercially Sensitive Information]** ("**Extended Term**"), on the same conditions, except that:

- (a) the Basic Rent payable **[Redacted – Commercially Sensitive Information]**

Within two (2) months of a request by the Lessee given at any time between eighteen (18) and twelve (12) months prior to the expiration of the Term or the applicable Extended Term, as appropriate, the Lessor shall advise the Lessee of the Lessor's opinion of the most probable fair market rental for the Premises for such Extended Term. If the parties have not agreed on the Basic Rent for the Extended Term by the Exercise Date, the Lessee may nevertheless exercise its right to extend as provided herein, in which event either party may elect to have the fair market rental for the Premises determined by binding arbitration in accordance with the *provisions of the Civil code of Procedure (Quebec)*, as amended or replaced. Until the Basic Rent for the Extended Term has been determined, the Lessee shall continue to pay Basic Rent at the rate applicable during the current year of the Term, and once the Basic Rent for the subject Extended Term has been determined, the parties will forthwith make any necessary readjustments between themselves.

## **29. SUPERIOR FORCE**

- 29.1 Superior Force (*Force majeure*)

Save insofar as concerns the Lessee's obligations of a monetary nature, neither the Lessor nor the Lessee will be held liable for failure to execute any of its obligations under the terms of these presents, nor for damage or loss suffered by the other party if the failure to execute, damage or loss results from a case of force majeure, acts of enemies of Canada, war, natural disaster, uprising, strike, lock-out, unenforceable event or other similar happening or from any state of emergency or cause which may reasonably be considered to be beyond the control of either party.

**30. RENOUNCEMENTS – CIVIL CODE OF QUEBEC**

The Lessee hereby specifically waives and renounces to the provisions of Articles 1854 (save and except for the enjoyment of the Premises throughout the Term), 1859, 1861, 1862, 1863, 1864, 1865, 1867, 1868, 1870, 1871, 1872, 1873, 1879, and 1883 of the *Civil Code of Quebec*, or any replacement legislation.

**31. LAWS AND FORUM SELECTION**

**31.1 Laws of Quebec**

The present Lease shall be governed by the laws in force in Quebec. In the event that any provision of this Lease is declared illegal or unenforceable according to the laws of Quebec, any such provision shall be thereupon considered as not forming part of the Lease, which shall remain in force and continue to bind the parties as if such provision had never formed part thereof

**31.2 Forum Selection**

Any dispute arising from or related to this Lease shall be subject to the exclusive jurisdiction of the courts of the judicial district of Montreal, to the exclusion of any courts from another district.

**32. INTERPRETATION**

**32.1 Interpretation**

Whenever several persons or companies are mentioned as lessees, they are solidarily liable to fulfil all the obligations contracted by the Lessee under the terms of these presents. In the same manner, the singular shall include the plural and the masculine, the feminine or neuter, or vice-versa, as the case may be.

**33. HEADINGS**

**33.1 Headings**

The headings used in the present Lease shall serve only to facilitate the understanding of the text and shall not be considered as forming part thereof nor serve to interpret the Lease.

**34. LANGUAGE**

**34.1 Language**

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. Les parties aux présentes reconnaissent

avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.

**35. SUCCESSORS AND REPRESENTATIVES**

**35.1 Successors and Representatives**

The present Lease is for the benefit of the parties, their heirs, administrators, successors and representatives and binds them. This Section must nevertheless not be interpreted as permitting the Lessee to sub-let the Premises or to assign or transfer its rights in virtue of this Lease, save as stipulated and permitted under this Lease.

*[Signatures on the next page]*

**SIGNED** as of the first date above written.

**RONCON CONSULTANTS INC./LES CONSEILLERS RONCON INC.**

By: 

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**JOSEPH ABBANDONATO, Authorized Signatory**

•

By: 

---

**•, Authorized Signatory**

**SCHEDULE A – LAND**

An immovable fronting Notre-Dame West Street, in the City of Montréal, Province of Quebec, known and designated as being lot number TWO MILLION SIX HUNDRED SEVEN THOUSAND EIGHT HUNDRED FIFTY (2 607 850) of the Cadastre of Quebec, in the Office of Publicity of Rights for the District of Montréal.

## IMMOVABLE PROPERTY LEASE AGREEMENT

(Property Address: 355 Boulevard Labbe North, Victoriaville, Quebec, G6P 181)

LEASE AGREEMENT ENTERED INTO IN THE CITY OF MONTREAL, PROVINCE OF QUEBEC, ON THE  
 ●, TWO THOUSAND AND TWENTY-FIVE (THE "LEASE").

APPEARED:

**RONCON CONSULTANTS INC./LES CONSEILLERS RONCON INC.** a corporation constituted under the regime of the *Canada Business Corporations Act* having its head office at **[Redacted – Confidential Information]**, herein acting and represented by Joseph Abbandonato, its President, duly authorized as he declares.

Hereinafter called the "**LESSOR**"

AND

●<sup>1</sup>, herein acting and represented by ●, its ●, duly authorized as he declares.

Hereinafter called the "**LESSEE**"

WHO HAVE HEREBY AGREED AS FOLLOWS:

**1. DEFINITIONS**

Save provisions to the contrary herein or of incompatibility with the context, the following words and expressions, wherever used in the present Lease, have the following meaning:

- 1.1**     "**Additional Rent**" means all sums of money, other than Basic Rent and sales taxes, which are required to be paid by the Lessee pursuant to any provision of this Lease, including the real estate and school taxes of the Land and the Building.
- 1.2**     "**Basic Installation**" means the installations supplied as of the date hereof by the Lessor on the Premises.
- 1.3**     "**Basic Rent**" as the meaning ascribed to such term in Section 5.1.
- 1.4**     "**Building**" means the building presently situated on the Land, which has the municipal address 355 Boulevard Labbe North, in the City of Victoriaville, Province of Quebec, G6P 1B1.
- 1.5**     "**Damages**" means all damages, losses, liabilities, obligations, charges, liens, costs, expenses, claims, demands, suits, debts, duties, prosecutions, orders, notices, actions, causes of action, judgments, interests, fines or sanctions (including cost of investigation and defence, legal and other professional fees and expenses, interest and penalties), whether or not involving a third-party.
- 1.6**     "**Lessee's Equipment**" means, to the extent that the following are directly related to Lessee's production equipment and are not necessary for the operation of the Building, all silos, silo ducting and all air compressors, mezzanines and catwalks (provided such mezzanines and catwalks are attached to Lessee's machinery), safety guardrails, electrical cabling and drops, day bins for resin, chillers, electrical distribution inside the building, extruders (and all equipment attached thereto), bagging equipment, all equipment purchased by Lessee to

<sup>1</sup> **Note to Draft:** To be Soteria Flexibles Corp. or one of its affiliates.

support its manufacturing and distribution processes, and all components and attachments to the foregoing.

- 1.7**     **"Land"** means the land legally described in Schedule A attached hereto.
- 1.8**     **"Lessee's Improvements"** means all the improvements, installations and additions made from time to time to the Premises, and more particularly, but without limiting the meaning thereof, all the fixed partitions, lighting equipment, wall-to-wall carpeting, interior and exterior signs and all items which cannot be moved without damaging the Premises; with the exception of the movable property, movable partitions, fixed equipment and installations used by the Lessee for its business and belonging to it, provided that such fixed equipment and installations can be removed without damaging the Premises.
- 1.9**     **"Lessee's Taxe"** means the aggregate of:
- (a)     all taxes, rates, duties, levies, fees, charges and assessments whatsoever imposed which are separately identified by the lawful taxing authority as being attributable to the personal property, furnishings, fixtures and leasehold improvements installed in the Premises; and
  - (b)     all taxes, rates, duties, levies, fees, charges and assessments whatsoever imposed upon the Lessee which are attributable to the business or income of, or the use or occupancy of the Premises by, the Lessee or any other occupant of the Premises.
- 1.10**    **"Premises"** means the Land and the Building located thereon.
- 1.11**    **"Prime Rate"** means the rate of interest per annum established and quoted from time to time by the Lessor's financial institution as its reference rate of interest for the determination of interest rates that it charges clients of varying degrees of credit-worthiness for Canadian dollar loans made by it in Montreal, Québec.
- 1.12**    **"Rent"** means Basic Rent and Additional Rent.
- 1.13**    **"Structure"** means the footings, foundations, subfloor, structural columns and beams, joists, load-bearing walls, foundation walls, and roof structure (including the roof membrane, the roof insulation, the basins, the parapets and the flashing), and all utility systems lying in or below the floor slab or outside the Building or below the ground that serve the Premises including without limitation all stormwater retention and detention facilities.

## **2. PRIOR LEASE**

### **2.1     Termination of Prior Lease**

The parties acknowledge that any lease previously entered into between the Lessor and Imaflex Inc., whether oral or written, with respect to the Premises (the "**Prior Lease**") will be terminated effective the date hereof under a separate agreement, which termination will be subject to Imaflex Inc.'s financial obligations under the Prior Lease in the normal course of business until the date hereof, for the current lease year only, and the Additional Rent adjustments until the date hereof, for the current lease year only.

### **3. PREMISES**

#### **3.1 Description of the Premises**

The Lessor has hereby leased to the Lessee, thereof accepting, with warranty of peaceful enjoyment, subject to the provisions of this Lease, an industrial space containing a superficial area of ninety thousand eight hundred thirty-four square feet (90,834 sq. ft.), bearing a civic address of 355 Boulevard Labbe North, in the City of Victoriaville, Province of Quebec, G6P 181.

#### **3.2 Condition of the Premises**

The Lessee represents that it has examined and viewed the Premises and the Lessee accepts the Premises condition on an "as is, where is" basis, at its sole risk and peril, subject to the provisions of this Lease.

### **4. TERM**

#### **4.1 Commencement and Duration**

The Lease shall commence of the date hereof (the "**Commencement Date**") and terminate on the last day of the month before the **[Redacted - Commercially Sensitive Information]** (the "**Term**"), subject to the options to renew as provided in Section 28.

### **5. PAYMENT**

#### **5.1 Basic Rent**

The Lessee shall pay to the Lessor during the Term an annual basic rent of **[Redacted- Commercially Sensitive Information]**, which is payable by twelve (12) equal and consecutive monthly instalments of **[Redacted- Commercially Sensitive Information]** each, commencing on the Commencement Date (the "**Basic Rent**").

#### **5.2 Net Lease**

Except as otherwise provided herein, the Lessor is not responsible for any expenses or outlays of any nature arising from or relating to the Land and/or the Building and/or the Premises, or the use or occupancy thereof, or the contents thereof or the business carried on therein. The Lessee shall pay all charges, impositions and outlays of every nature and kind relating to the Land and/or the Building and/or the Premises, except as expressly stated to the contrary in this Lease. Without limiting the foregoing, the Lessee is responsible for its costs to self-manage the Premises and to maintain, repair and replace the Premises, but subject to Lessor's obligations under this Lease.

#### **5.3 Reimbursement of Expenses Incurred by the Lessor**

Any expense incurred by the Lessor (i) at Lessee's request or (ii) to remediate any default by the Lessee of its obligations hereunder (subject to applicable cure period, if any), plus administrative fees equal to fifteen percent (15%) of such expense (except in the case of paragraph (i) where such request relates to an obligation of the Lessor under this Lease), shall constitute Additional Rent payable at the same time as the Basic Rent following the receipt from the Lessee by the Lessor of a notice describing in reasonable details the default and the reasonable expenses incurred.

#### **5.4 Terms of Payment**

The Rent plus applicable GST and QST shall be paid on its due date as provided in this Lease. The Lessee must forward the payments to the Lessor at **[Redacted – Confidential Information]**, or such other address as the Lessor may indicate in writing to the Lessee.

#### **5.5 Renunciation of the Compensation**

The Lessee hereby renounces to any present or future claim or compensation to which it may claim to be entitled or to which others may claim to be entitled in its name, for any Rent or other sum due under the terms of these presents and hereby agrees to pay the Rent and other sums in full, under all circumstances. The Lessee hereby agrees that any monies that it has paid or owes to the Lessor may be applied to any amounts due under these presents, at the Lessor's choice, notwithstanding any directive to the contrary. No endorsement on any cheque nor any declaration made in a letter accompanying a cheque may be considered as an agreement or acceptance, and the Lessor may accept a payment without same affecting its rights in virtue of the law or the present Lease.

#### **5.6 Payments in abeyance**

The Lessor shall be entitled to claim interest on any monies in abeyance for the Rent or other amounts due in virtue of the present Lease, at the Prime Rate, without prejudice to its other rights and recourses.

### **6. USE OF PREMISES**

#### **6.1 Use of the Premises by the Lessee**

The Lessee may use the Premises solely for manufacturing of polyethylene films, the reproduction of same or the process of metallizing films, and any related activities. The Lessee will not use, or permit, or suffer the use of, the Premises or any part thereof for any other business or purpose without the Lessor's consent.

For greater certainty, the Lessee shall not be required to continuously occupy the Premises, provided that it complies with the other terms and conditions of the Lease. The Lessee may cease to occupy within the Premises without being deemed in default or without its actions being deemed prejudicial to the Lessor provided that:

6.1.1 it shall give the Lessor not less than five (5) business days' prior written notice of its intention to cease to physically occupy the Premises;

6.1.2 the Lessee must maintain its insurance coverage and if the Premises will remain vacant for a period exceeding thirty (30) consecutive days, it shall notify its insurer of its election to cease to physically occupy the Premises. The Lessee shall be responsible for the cost of any additional insurance or any increase in its insurance premiums or in the insurance premiums of the Lessor, resulting from its exercise of such right to cease to physically occupy the Premises;

6.1.3 it is understood that such right to cease to physically occupy the Premises shall in no case constitute a risk resulting in the cancellation or significant change in the Lessee's insurance coverage required under this Lease for the Premises;

6.1.4 the Lessee shall take any steps reasonably necessary to maintain security in the Premises; and

6.1.5 the Lessee shall have an employee or other person at its choice to be approved by the Lessor to attend at the Premises regularly to inspect same and effect such maintenance, repairs or replacements as may be required under this Lease.

## **6.2 Prohibited Use**

For greater certainty, the Lessee shall not use the Premises in a way which is a of nature to lessen the value of the Premises.

## **7. PARKING AND UTILITIES**

### **7.1 Parking**

In virtue of the present Lease, the Lessee shall be entitled to the exclusive use of the parking on the Land.

### **7.2 Utilities**

The Lessee shall be exclusively responsible and shall pay to the relevant utility provider all utility expenses including, without limitation, electricity heating, ventilation, and air conditioning.

## **8. SYSTEMS, EQUIPMENT AND SERVICE INSTALLATIONS**

### **8.1 Systems and Equipment of the Premises**

Subject to capital repairs and replacements which shall be the Lessor's responsibility in accordance with Section 13.2 and 16.2, the Lessee shall see to the functioning, maintenance in good condition, non-capital repair and replacement of all the systems and equipment of the Premises, including the heating, ventilation and air-conditioning systems and equipment and any related system and equipment located in the Premises to heat, ventilate or air-condition the Premises (the "HVAC").

Notwithstanding anything to the contrary in this Lease, including the foregoing provisions, the Lessee's Equipment shall be under the sole responsibility of the Lessee, at its sole cost, whether such cost is related to maintenance, non-capital repairs and replacements or capital repairs and replacements.

### **8.2 Use of the Service Installations**

The Lessee hereby agrees not to install any equipment, which may exceed the capacity of the Basic Installations and hereby agrees that if any of same requires additional installations, it shall be installed at the Lessee's expense, provided that Lessee's has provided to the Lessor its plans and specifications and obtained the prior written consent of the Lessor.

Subject to capital repairs and replacements which shall be the Lessor's responsibility in accordance with Section 13.2 and Section 16.2, the Lessee must conform to the requirements of any authority having jurisdiction over or relating to the functioning of the systems and equipment of the Premises, including the HVAC systems and equipment.

## **9. TAXES**

### **9.1 Separate Tax Billing**

9.1.1 The Lessor shall obtain a separate tax billing or assessment for the Land and the Building. The Lessor shall cooperate in arranging for all tax notices, assessments and bills issued from and after the date hereof to be delivered directly to the Lessee by the applicable taxing authority and assessment authority. The Lessor shall promptly furnish to the Lessee all tax notices, assessments and bills it receives. The Lessee shall pay, from and after the date hereof, the real estate and school taxes attributable to the Land and the Building directly to the taxing authority.

### **9.2 Right of Contestation of the Lessee**

The Lessee shall have the right and privilege of contesting, in the name of the Lessor, any increase in assessment or real estate and school taxes, including the right to pursue any and all administrative and legal remedies pertaining to the increase, provided that Lessee's has obtained the prior written consent of the Lessor regarding such contestation, which consent shall not be unreasonably withheld or delayed. The Lessor shall cooperate with the Lessee with respect to any litigation, contest or administrative proceeding and to produce such witnesses and documentary evidence as the Lessee shall reasonably require, with the Lessee paying all expenses associated with or arising from such litigation, contest or proceeding. The Lessor shall send to the Lessee or have sent to the Lessee all tax bills, assessments and other related notices promptly upon receipt by the Lessor or when made available to the Lessor, as the case may be. Any reasonable out of pocket expense incurred by the Lessor, including any reasonable legal fees, in connection with any Lessee-instituted litigation, contest, or administrative proceeding pertaining to the real estate and school taxes shall be reimbursed by the Lessee upon presentation of an itemized statement of expense by the Lessor. The Lessee shall not take any action or fail to take any required action that would expose the Land and the Building or any other property of the Lessor for sale, or put the Lessor into default under any hypothec of the Land and the Building in each case by reason of non-payment of any such real estate and school taxes.

### **9.3 Non-Responsibility of Lessee**

The Lessee is not responsible for any of Lessor's administrative fees relating to real estate and school taxes or any interest or penalties imposed for late payment caused by the Lessor. Real estate and school taxes shall be apportioned so that the Lessee pays only that portion of real estate and school taxes or installments thereof in respect of periods that fall between the date hereof and the date of expiry of the Term of the Lease. The Lessee is not responsible for any income tax, capital tax, excise tax or other similar tax or charge, or inheritance, franchise, capital levy transfer, estate, succession or other similar tax or charge that may be payable by or chargeable to the Lessor under any present or future laws (other than, for greater certainty, the sales tax).

### **9.4 Taxes Payable by the Lessee**

The Lessee shall pay the general or special real estate and school taxes including surtaxes on non residential buildings as well as other assessments imposed on the Land and the Building on their due date as well as any other assessment imposed directly on the Lessee and resulting from the present Lease. The Lessee must promptly provide the Lessor, after such payment and upon demand from the Lessor, with proof of payment of such taxes and permits. Furthermore, at any time and from time to time during the Term of the present Lease, promptly following a request of the Lessor to the Lessee to this effect, the Lessee shall remit to the Lessor all proof of payment of such taxes and permits.

## **9.5 Lessee's Taxes**

The Lessee shall pay to the appropriate and lawful taxing authorities and shall discharge when the same become due and payable, all Lessee's Taxes.

## **9.6 Reimbursement of Lessee's Taxes Paid by the Lessor**

Should any law or regulation of any competent authority decree that the Lessor must pay a certain tax normally paid by the Lessee, or should the method of collection of certain taxes be altered to render the Lessor responsible therefor rather than the Lessee, or should such taxes be replaced by other taxes payable by the Lessor, the Lessee must reimburse the Lessor, within ten (10) days of the request made to it by the latter, for any sum thus claimed from the Lessor by the competent authorities, and it shall warrant the Lessor against all costs and expenses relating thereto.

## **10. SIGNS**

### **10.1 Lessee's Signs**

The Lessee may erect sign(s) (the "**Signs**") on the exterior of the Building denoting its tenancy therein provided such Signs conform to all applicable laws and by-laws. All Signs shall remain the property of the Lessee and shall be maintained at the Lessee's sole cost and expense. At the expiration of the Term or earlier termination of this Lease, the Lessee shall remove all Signs from the Premises at the Lessee's expense and shall promptly repair all damage caused by their installation or removal failing which the Lessor may do so.

## **11. ASSIGNMENT AND SUB-LEASE**

### **11.1 Assignment or Sub-Lease**

The Lessee may not transfer or otherwise assign the present Lease, sub-let the Premises, in whole or in part, nor allow any charge to affect the present Lease, the Premises, the Lessee's Improvements or any part thereof, nor tolerate or permit the occupation of the Premises, in whole or in part, by other persons, without having obtained the prior written consent of the Lessor, which consent may not be refused or withheld without serious reason.

### **11.2 Conditions Relating to the Consent**

Whenever the Lessor has given its consent to any assignment or a sub-lease, such consent will be subject to the following conditions:

- (a) the assignee, sub-lessee or occupant (i) having a good credit rating and (ii) capable of financing its acquisition of the Lessee's business and the Lease on terms and conditions at least as favourable as those originally obtained by the Lessee;
- (b) the agreement of assignment or sub-lease shall be drafted by the Lessee's notary in the form chosen by the Lessor and signed by the Lessee, assignee, sub-lessee or occupant, as the case may be;
- (c) the Lessee is solidarily liable with any assignee, sub-lessee or occupant for the fulfilment of all the terms and conditions of the present Lease, including the payment of the Rent,

until the expiration of the Lease, provided that the Lessee shall be released from all obligations arising after the expiry of the Lease or any renewal thereof;

- (d) the Lessee shall immediately pay to the Lessor any consideration, including any increase in Basic Rent received by it directly or indirectly from an assignee, sub-lessee or occupant, whether this be in money, goods or services in excess of the Basic Rent agreed to between the Lessor and the Lessee;
- (e) the Lessee shall reimburse all reasonable expenses incurred by the Lessor relating to the preparation of the documents intended to put into effect the contemplated assignment or sub-lease; and
- (f) the permitted use of the Premises and all other conditions of the present Lease shall remain unchanged.

### **11.3 Consent Required for a New Assignment or Sub-Lease**

Despite its consent to any assignment or sub-lease, the Lessor will in no way have renounced to the provisions of this Section 11, nor have thus consented to any subsequent assignment or sub-lease.

### **11.4 Permitted Transfer**

Notwithstanding the foregoing, the Lessee shall be entitled to transfer this Lease or sublease all or part of the Premises in conjunction with any of the following transactions, without having to obtain the Lessor's consent, provided written notice of such transfer shall be delivered to the Lessor prior to the effective date of such transfer: (a) an assignment of the Lease or the sublease of the Premises in whole or in part to: (i) an Affiliate, or (ii) a partnership or joint venture in which the Lessee holds a Controlling interest.; and/or (b) an assignment of the Lease in conjunction with the sale of all or substantially all of the Lessee's assets as a going concern (for greater certainty not only at the Premises, but other places of business of the Lessee).

**"Affiliate"** means with respect to any Person, any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such Person. **"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through ownership of securities or other ownership interests, by contract or otherwise. **"Controlling"** and **"Controlled"** have corresponding meanings. **"Person"** means any individual, partnership, corporate entity, trust or any combination of them.

For clarity, the Lessee shall remain solidarily liable with any new tenants under a permitted transfer as provided in this Section 11.4, for the fulfilment of all the terms and conditions of the present Lease, including the payment of the Rent, until the expiration of the Lease, provided that the Lessee shall be released from all obligations arising after the expiry of the Lease or any renewal thereof.

## **12. INSURANCE, LIABILITY AND INDEMNIFICATION**

### **12.1 Lessee's Insurance**

The Lessee shall, at its own expense, take out the following insurance policies and maintain them in force throughout the Term of the present Lease:

- (a) All-Risk Insurance: An all-risk insurance policy in an amount covering the replacement value of the Premises, and of all insured objects in/on the Premises, such as furniture, Lessee's Improvements and the stock in trade belonging to the Lessee or for which it is responsible. Such insurance policy shall include coverage against business losses for a period of at least twelve (12) months for the benefit of the Lessor in order to ensure the payment in full of Rent.
- (b) Civil Liability Insurance: A civil liability insurance covering bodily damage, including death, and material damage to third parties for a minimum amount of FIVE MILLION DOLLARS (\$5,000,000.00) per loss. This policy must, amongst, others, cover the indirect civil liability of property owners and builders, liability assumed by contract, civil liability for personal injury and eventual owner's liability.
- (c) Plate-Glass Insurance: An insurance policy for the plate-glass in an amount sufficient to replace any window pane in the Premises and the doors and windows thereof.
- (d) Any other form of insurance as the Lessee or the Lessor or the Lessor's mortgagee may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would insure.

Any insurance required pursuant to this Lease shall be satisfied by way of valid and enforceable insurance policies issued by recognized insurers holding a permit authorizing them to carry on business in the Province of Québec, in a form which the Lessor shall deem satisfactory acting reasonably. Each insurance policy referred to in Section 12.1 shall designate the Lessor and its mortgagees or hypothecary creditors as additional insureds, as their interests may appear and shall include a waiver of any right of subrogation which the insurers of the Lessee may have against the Lessor and/or those persons for whom the Lessor is legally liable, and, with respect to civil liability insurance, shall contain cross-liability and contractual liability clauses. All policies shall include the undertaking of the insurers to notify the Lessor in writing, at the address set out in this respect, at least thirty (30) days prior to any material change, or to the cancellation or termination thereof.

## **12.2 Proof of Coverage**

The Lessee shall supply certified copies of the insurance policies which it maintains in force under the terms of the present section and satisfactory proof of actual payment of the premiums before the date hereof and thereafter during the Term of the present Lease, at the latest on the date of expiry of the insurance policies required hereunder. In the event that the Lessee fails to take out the required insurance or to provide the Lessor with a copy of the insurance policies, or satisfactory proof of payment of the premiums, the Lessor may, after giving reasonable notice thereof to the Lessee, take out such insurance and recover any premium thus paid, plus administrative fees of fifteen percent (15%) relating thereto.

## **12.3 Dangerous Actions/Substances**

The Lessee shall not take any action, do anything or maintain within, or near, the Premises anything whatsoever which might increase the risk of fire outbreak or the premiums or the premiums rates in respect of the Land and/or the Building and/or the Lessor.

The Lessee shall not bring into the Premises inflammable, explosive or other material or substances which would increase the risk of fire outbreak or the premiums or the premiums rates in respect of the Land and/or the Building and/or the Lessor. The Lessee shall conform to the rules and regulations of its own insurers

and of the insurers of the Lessor, as well as of any inspector carrying out an inspection of the Premises at the request of the Lessor or of any association of insurers relating to the insurance of the Premises.

#### **12.4 Insurance Policies covering the Land, the Building and the Lessor**

The Lessee shall ensure that insurance policies covering the Land, the Building and the Lessor, including the civil liability insurance of the Lessor, are in force during the Term and the Lessee shall, at its sole cost and expense, pay the insurance premiums of such insurance policies. The Lessee must promptly provide the Lessor, after such payment and without demand from the Lessor, with certified copies and proof of payment and renewal of such insurance policies. Furthermore, at any time and from time to time during the Term of the present Lease, promptly following a request of the Lessor to the Lessee to this effect, the Lessee shall remit to the Lessor all certified copies and proof of payment and renewal of such insurance policies. In the event that the Lessee fails to maintain the required insurance or to provide the Lessor with a copy of the insurance policies, or satisfactory proof of payment of the premiums, the Lessor may, after giving reasonable notice thereof to the Lessee, take out such insurance and recover any premium thus paid, plus administrative fees of fifteen percent (15%) relating thereto.

In the event that the insurance premiums relating to any one of the policies covering the Land and/or the Building and/or the Lessor are increased following any violation of any of the provisions of the present Lease by the Lessee or as a result of the nature of its business or activities, the Lessor may, in addition to all of the recourses available to it pay the amount of any such increase in premium and the Lessee must reimburse such sum to the Lessor, plus administrative fees of fifteen percent (15%) relating thereto.

After the initial Term of the lease and for any Extended Term, the Lessor will take at its own expenses such insurance policies covering the Land, the Building and the Lessor, including the civil liability insurance of the Lessor.

#### **12.5 Cancellation of Insurances**

Should an insurance policy covering the whole or any part of the Premises, the Building, the Land, the Lessor or the Lessee be cancelled or about to be cancelled, or should the coverage under the terms of the said policy be reduced in any way by the insurer, as a result of the use and occupation of the Premises or should the Lessee fail to rectify the cause of such cancellation, threat of cancellation or reduction in coverage within twenty-four (24) hours after having been advised thereof by the Lessor, the latter may, at its discretion, either:

- (a) immediately retake possession of the Premises and give the Lessee written notice of its intentions, the whole in accordance with the provisions of Section 21; or
- (b) enter into the Premises and rectify the situation giving rise to such cancellation, threat of cancellation or reduction in coverage; the Lessee must then immediately pay the cost thereof to the Lessor, plus administrative fees of fifteen percent (15%) relating thereto; on the occasion of such entry into the Premises, the Lessor shall not be liable for any damage or loss caused to the property in the Premises, whether it belong to the Lessee or to anyone else.

#### **12.6 Non-Liability**

The Lessor shall not be liable for any property damages or bodily injury occurring upon the Premises, or in or on the Land/Building, at any time and for any reason whatsoever, except where its gross fault or gross

negligence shall be the direct and immediate cause thereof. Subject to Section 14.4, the Lessee shall not be entitled to any abatement or suspension of payment of Rent nor shall it have any remedy against the Lessor in the event of the partial or total interruption of services or in the event of damages caused by a slowdown or interruption of heating, air conditioning, electricity for lighting purposes or the operation of machinery, of water, plumbing, sewers, or any other service, or in the event of damages or inconvenience resulting from the infiltration or presence of water, snow or ice on the roof, skylights, trap-doors, windows or otherwise, or a result of any defect or breakage whatsoever of pipes, tanks, movable property that is permanently installed or any other apparatus or device causing the seepage, infiltration or the dripping of vapour, water, snow, smoke or gas in the Premises, or in the event of damages or inconvenience resulting from the condition or arrangement of electrical wires or cables or others, or caused by any act, omission or negligence of owners or occupants of adjacent or abutting properties, or attributable to the performance of major repairs, alterations, improvements or structural conversions of the Building or the Land or any other thing or service within, outside or adjacent to the Building/Land.

#### **12.7 Indemnity of Lessor by Lessee**

In addition to and without limiting or being limited by any other indemnity in this Lease, but rather in confirmation and furtherance thereof, the Lessee shall indemnify, defend by counsel reasonably acceptable to the Lessor and hold the Lessor, and its shareholders and members, and their respective officers, directors, members, partners, agents, employees, successors and assigns harmless of, from and against any and all Damages in connection with injury to or death of any person or with respect to damage to or theft, loss or loss of the use of any property, or any other loss or injury whatsoever, occurring in or about the Premises (i) arising from the Lessee's occupancy of the Premises, or the conduct of its business or from any activity, work, or thing done, permitted or suffered by the Lessee in or about the Premises, or (ii) arising from any breach or default on the part of the Lessee in the performance of any covenant or agreement on the part of the Lessee to be performed pursuant to the terms of this Lease, or (iii) due to any other negligent act, fault or omission or any default or willful misconduct of the Lessee, or any of its employees, agents, licensees, invitees or contractors.

### **13. MAINTENANCE, REPAIRS AND ALTERATIONS**

#### **13.1 Maintenance and Repairs by the Lessee**

13.1.1 Subject to the Lessor's repair and replacement obligations set out in Section 13.2 and reasonable wear and tear, the Lessee shall at all times at its sole cost and expense make all non-capital repairs and replacements to the Premises and maintain, operate, secure, supervise, administer and manage the Premises, including all leasehold improvements, so that they are at all times during the Term in good order, condition and repair, as would a prudent lessee of premises similar to the Premises. For clarity, the Lessee shall notably arrange for and pay for the following services:

- (a) Real estate taxes, school taxes and other taxes (including Lessee's Taxe) as set out in Section 9;
- (b) Waste removal costs;
- (c) Utility costs as set out in Section 7.2;
- (d) Costs as set out in Section 8; and

- (e) Those maintenance, repair and replacement costs set out in the first paragraph of this Section 13.1.1.

13.1.2 The Lessee may, at any time and at its own expense, carry out all Lessee's Improvements to the Premises which, according to it may best answer the needs of its business, on condition, nevertheless:

- (a) that before undertaking such work, it first submits the plans and specifications to the Lessor and receive the written approval of the latter;
- (b) that it pays all reasonable out of pocket expense incurred by the Lessor for the approval of the plans and specifications of the Lessee's Improvements, including any relevant architect, engineer, contractor, sub-contractor or real estate manager that would need to be involved, as the case may be;
- (c) that it brings about no alterations, additions or improvements to the Structure or to the exterior walls;
- (d) that it causes to be taken away in a reasonable time from the Premises the rubbish and waste materials which have accumulated thereon during such work.

13.1.3 Notwithstanding Section 13.1.2, the Lessee shall not be required to obtain the Lessor's written approval with respect to any minor repairs, alterations, replacements to the Premises.

13.1.4 The Lessee will perform its obligations in this Section 13.1 in a timely and good and workmanlike manner as would a prudent lessee of premises similar to the Premises. The Lessee's alterations and leasehold improvements shall be performed by competent workmen and in a good and workmanlike manner and in accordance with all applicable laws. Notwithstanding anything to the contrary in this Lease, under no circumstance shall the Lessor be considered a general contractor for any Lessee's work or Improvements or removal thereof.

13.1.5 Should, as a result of such maintenance, repair or work or Improvement made by the Lessee, any legal hypothec be published against the Land and/or Building for work claimed to have been done or materials claimed to have been furnished to the Lessee, the latter shall diligently prepare and file all the requisite documents to cause the same to be radiated at the Land Registry, at the Lessee's expense, and/or diligently, and at its expense, vigorously contest same by all legal means and without interruption, in which latter case, the Lessee will furnish to the Lessor adequate and reasonable security which the Lessor may require in the circumstances.

## **13.2 Lessor Repair and Replacement Obligations**

13.2.1 The Lessor shall, throughout the Term, expeditiously, as would a careful and prudent owner of a similar property, do the following:

- (a) repair, correct and/or replace all defects or weaknesses to the Structure and make all required repairs and replacements to the Structure, all of which shall be at the Lessor's sole cost and expense and which costs shall not be included or charged back to the Lessee as Additional Rent or otherwise, except to the extent that the costs for any such repairs or replacements are required as a result of any act or omission of the Lessee, its employees, agents or those for whom it is in law responsible; and

- (b) make and perform all required capital repairs and replacements to the Premises (excluding for greater certainty such repairs and replacements related to Lessee's Equipment), and, to the extent such required capital repairs and replacements to the Premises occur after the initial Term of two (2) years, the applicable cost thereof (excluding however any such costs which relate to the Lessor's repair and replacement obligations set out in paragraph (a) above) shall be amortized on a straight line basis, with interest on the unamortized cost thereof at two percent (2%) in excess of the Prime Rate, over a period equal to the useful life thereof in accordance with Generally Accepted Accounting Principles (GAAP) (with the Lessor bearing any amortized costs which extend beyond the expiration of the Term) and such amortized cost shall be paid by the Lessee to the Lessor as Additional Rent, on a monthly basis until the earlier of (i) the expiry of the Term or any renewal or extension thereof or (ii) expiry of the amortization period described herein; for avoidance of doubt, any required capital repairs and replacements to the Premises (excluding for greater certainty such repairs and replacements related to Lessee's Equipment) occurring during the initial Term of two (2) years shall be solely assumed by the Lessor and no amortization shall be charged to the Lessee;

13.2.2 The Lessor will perform its obligations in this Section 13.2 in a timely and good and workmanlike manner and in accordance with all applicable laws.

### **13.3 Surrender of the Premises**

At the expiration of the Term or earlier termination of this Lease, the Lessee shall peaceably surrender and yield up the Premises to the Lessor in as good a condition and state of repair as the Lessee is required to maintain the Premises throughout the Term, surrender all keys and pass cards for the Premises to the Lessor at the place then fixed for the payment of Rent and inform the Lessor of all combinations of locks, safes and vaults, if any, in the Premises.

### **13.4 No Obligation of Removal and Restoration by Lessee**

The Lessee shall have no obligation to remove any leasehold improvements or any obligation to return the Premises back to base building condition, but the Lessee shall peaceably surrender and yield up the Premises to the Lessor in as good a condition and state of repair as the Lessee is required to maintain the Premises throughout the Term. At any time during the Term or at the expiry or earlier termination thereof, the Lessee may remove from the Premises any alterations and improvements for which the Lessee has paid including its furniture, equipment (including Lessee's Equipment) and trade fixtures and leasehold improvements provided that the Lessee repairs any damage caused by such removal.

## **14. DAMAGE OR DESTRUCTION**

### **14.1 Minor Casualty**

If the Building is damaged by fire or other casualty and if such damage does not render all or a substantial portion of the Building untenable, then the Lessor shall proceed with reasonable diligence to repair and restore the Building to as near its condition prior to such damage as reasonably possible excluding leasehold improvements and non-base building items, subject to reasonable delays for insurance adjustments and delays caused by matters beyond the Lessor's reasonable control, and also subject to zoning laws and building codes then in effect.

### **14.2 Major Casualty**

If any such damage renders all or a substantial portion of the Building untenantable, as determined by a qualified, independent architect or engineer selected by the Lessor and Lessee jointly (the "**Consultant**"), the Lessor shall, with reasonable diligence after the occurrence of such damage, cause the Consultant to estimate the length of time that will be required to substantially complete the work necessitated by such damage to repair and restore the Building to as near its condition prior to such damage as reasonably possible excluding leasehold improvements and non-base building items, and shall advise the Lessee of such estimate. If it is estimated that the amount of time required to substantially complete such repair and restoration will exceed one hundred eighty (180) days from the date such damage occurred, then the Lessor or the Lessee may terminate this Lease at any time within twenty (20) days after the Consultant delivers its estimate. Unless this Lease is terminated as provided in the preceding sentence, the Lessor shall proceed with reasonable diligence to complete such repair and restoration, subject to reasonable delays for insurance adjustments and delays caused by matters beyond the Lessor's reasonable control, and also subject to zoning laws and building codes then in effect. If such repairs and restoration are not completed by the date (the "**Outside Date**") which is twelve (12) months after the date of such fire or other casualty (or ninety-five (95) days after the expiration of the time period estimated by the Consultant if the estimate was longer than one hundred eighty (180) days and neither party terminated the Lease as permitted), then either party may terminate this Lease within thirty (30) days after the Outside Date, but prior to substantial completion of repair or restoration.

#### **14.3 Limitations**

Notwithstanding anything to the contrary in this Lease:

- 14.3.1.1 the Lessor has no duty pursuant to this Section 14 to repair or restore any portion of the leasehold improvements or non-base building items, the Lessee's alterations or any other improvements, additions or alterations made in the Premises;
- 14.3.1.2 if any such damage rendering all or a substantial portion of the Building untenantable shall occur during the twenty-four (24) months of the Term, either party may terminate this Lease by giving notice to the other within thirty (30) days after the date such damage occurred, which termination will be effective as of the date of such notice;
- 14.3.1.3 in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are substantially insufficient to pay for the costs of rebuilding the Building, or are not payable to or received by the Lessor, or in the event that any hypothecary lender or other person entitled thereto shall not consent to the payment to the Lessor of the proceeds of any insurance policy for such purpose, or in the event that the Lessor is not able to obtain all necessary governmental approvals and permits to rebuild the Building, the Lessor may elect, on notice to the Lessee, within thirty (30) days of such damage or destruction, to terminate this Lease, which termination will be effective as of the date of such notice.

#### **14.4 Abatement of Rent**

Except to the extent arising from the negligence, default or wilful misconduct of the Lessee or its agents, employees, contractors or invitees, if any fire or casualty damage renders the Building or any portion of it untenantable and this Lease is not terminated pursuant to this Article 14, then Rent will abate during the period beginning with the date of such damage and ending thirty (30) days after the date when the Lessor substantially completes its repair or restoration required under this Lease. The abatement will be calculated by multiplying the total amount of Rent for such period by a fraction the numerator of which is the portion of the rentable area of the Building which is untenantable and the denominator of which is the rentable area

of the Building. If this Lease is terminated pursuant to this Article 14, the Lessee shall pay Rent, apportioned on a per diem basis, to the date of the termination.

#### **14.5 Untenantability**

As used in this Lease, the term "**untenantable**" means reasonably incapable of being occupied for its intended use due to damage to the Building or any part thereof.

### **15. RIGHT OF ACCESS**

#### **15.1 Right of Entry**

The Lessor and its agents may from time to time enter the Premises on 48 hours' prior written notice (except in the event of an emergency, in which case Lessor may enter the Premises without notice) to examine the same and to undertake maintenance of and to make repairs or replacements to the Premises or any part thereof or any systems therein to the extent necessary for Lessor to fulfill its maintenance, repair and replacement obligations hereunder, and in all events subject to Lessee's reasonable security requirements. The Lessee may require that the Lessor or its agent(s) be accompanied by a representative of the Lessee at all times during the Lessor's entry into or upon the Premises (except in the event of an emergency, in which case it shall promptly notify the Lessee). The Lessee shall not obstruct any pipes, conduits, ducts, mechanical shafts or electrical equipment so as to prevent reasonable access thereto.

#### **15.2 Purchaser or Potential Lessees**

During the twelve months preceding the expiry of the Term of the present Lease or of any renewal thereof, the Lessor may, during business hours, have the Premises visited by potential lessees and post the usual "For Rent" sign. During the Term of the present Lease or any renewal thereof the Lessor may, during business hours, have the Premises visited by potential purchasers and post the usual "For Sale" sign on the Premises. The Lessee hereby agrees to tolerate such signs.

#### **15.3 Lessor's covenant for Quiet Enjoyment**

The Lessee may, subject to the terms and conditions of this Lease, peaceably possess and enjoy the Premises throughout the Term.

### **16. RESPECT FOR THE LAW AND COMPENSATION**

#### **16.1 Respect by the Lessee of Laws and Regulations**

The Lessee shall, with due diligence and at its own expense, conform to the laws, rules, ordinances, orders and regulations in force of municipal, provincial and federal governments, and of all departments, commissions and agencies of these governments, as the case may be, and of any other governmental authority exercising any jurisdiction whatsoever over the Premises, the Lessee's Equipment or accessories installed therein, the occupation of the Premises by the Lessee or the operations of the Lessee in the Premises, save for modifications, alterations or changes of or to the Premises which fall within the scope of the Lessor's repair and replacement obligations under Section 13.2 (excluding for greater certainty such modifications, alterations, changes, repairs and replacements related to Lessee's Equipment).

## **16.2 Respect by the Lessor of Laws and Regulations**

The Lessor shall, with due diligence and at its own expense, conform to the laws, rules, ordinances, orders and regulations in force of municipal, provincial and federal governments, and of all departments, commissions and agencies of these governments, as the case may be, and of any other governmental authority exercising any jurisdiction whatsoever over the Land/Building, subject to (i) the terms provided for in Section 16.1, (ii) modifications, alterations or changes to the Lessee's Equipment which shall be the Lessee's responsibility and (iii) to any negligent act or omission or any fault or default or willful misconduct of the Lessee, or any of its employees, agents, licensees, invitees or contractors.

## **17. ENVIRONMENT**

### **17.1 Definitions**

For the purpose of this Section 17, the following terms have the following meaning:

**"Environmental Laws"**: means all applicable federal, provincial and municipal laws, rules, regulations, by-laws, notices, orders, judgments, policies, directions, guidelines, permits, licenses, authorizations, certificates, decrees, registrations, contracts and other similar instruments of all governmental authorities relating to environment, public health and safety matters, pollution, Hazardous Substances or the protection of the environment, including civil responsibility for acts or omissions with respect to the environment.

**"Hazardous Substances"** means any waste or other substance or material that is regulated, prohibited, listed, defined, designated or classified as, or otherwise determined to be, dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any Environmental Laws.

### **17.2 Lessor Covenants**

Notwithstanding any other provision of this Lease, the Lessee assumes no responsibility and has no obligation with respect to, and the Lessor shall indemnify and save harmless the Lessee, its officers, directors, employees and mandataries (the "**Lessee Indemnified Parties**") from any Damages the Lessee Indemnified Parties may suffer or incur, arising out of or in any way connected with any breach or violation of Environmental Laws or concerning any Hazardous Substances or other environmental condition affecting the Premises and existing in whole or in part on or prior to the Commencement Date, whether or not known at such time, and for any Hazardous Substances or environmental condition caused directly or indirectly by the Lessor, any third party or migrating from a neighboring property, after the Commencement Date, including any failure by Lessor, or its officers, directors, employees or mandataries to comply with Environmental Laws. These provisions shall survive the expiry or earlier termination of the Lease.

### **17.3 Lessee Covenants**

The Lessee hereby declares and agrees as follows:

- (a) that all property and equipment installed in the Premises or on the Land by the Lessee during the Term shall comply with Environmental Laws;
- (b) that all activities carried on in the Premises by the Lessee and those for whom it is at law responsible during the Term shall conform to all laws respecting the environment, including with respect to its use, storage, handling or release of Hazardous Substances;

- (c) immediately following obtaining knowledge of any discharge, disposal, dumping, dispersion or release at the Premises, during the Term, by the Lessee or any person for whom it is at law responsible, of any Hazardous Substances in violation of Environmental Laws ("Lessee Contamination"), the Lessee shall, at its expense, (i) promptly notify the Lessor of such Lessee Contamination, and (ii) remediate such Lessee Contamination in compliance with Environmental Laws.

The Lessee undertakes and covenants to indemnify the Lessor in respect of all damages, expenses, fees and losses which the Lessor may incur, including any judgments, whether civil or criminal, which may be handed against the Lessor as a result of complaints, investigations or other steps taken concerning the acts or omissions of the Lessee or its representatives in violation of Environmental Laws.

If Lessee changes the use of the Premises, it undertakes to conduct at the expiry or earlier termination of the Lease, at its sole cost and expense, all environmental site assessments of the Premises required pursuant to Environmental Laws, in accordance with applicable Environmental Laws, and deliver to the Lessor copies of the report of such environmental site assessments together with a reliance letter, which shall be satisfactory to the Lessor, acting reasonably. Should any of such reports demonstrate the presence of Hazardous Substances exceeding applicable standards pursuant to Environmental Laws which constitutes Lessee Contamination, the Lessee shall promptly and diligently hire a reputable environmental consulting firm approved by the Lessor, acting reasonably, to perform the rehabilitation of the Lessee Contamination at the Premises at the Lessee's sole cost and expense, in compliance with Environmental Laws, in order to achieve compliance with applicable standards for a commercial or industrial use of the Premises, and deliver to the Lessor a copy of the rehabilitation report together with a reliance letter, which report and letter shall be satisfactory to the Lessor, acting reasonably. Such rehabilitation shall be performed promptly and diligently and shall include the repair of any damages caused to the Premises or to Lessor's assets, property or improvements to the Premises.

These provisions shall survive the expiry or earlier termination of the Lease.

## **18. OBLIGATIONS OF THE LESSEE**

### **18.1 Additional Obligations of the Lessee**

In addition to the obligations already assumed in virtue of the present Lease, the Lessee hereby undertakes to:

- (a) pay the Rent herein stipulated;
- (b) see that the appropriate maintenance and upkeep is done and to keep the Premises in accordance with Section 13.1;
- (c) not require the publication of the present Lease other than by notice, at its own expense. The notice shall not contain any monetary clause;
- (d) do nothing which may constitute a nuisance to the rights of the Lessor;
- (e) see that its use of energy does not exceed the capacity of all equipment and systems to supply energy to the Premises and to assume all costs in heating, air conditioning, gas and electricity regarding the Premises; and

- (f) To pay for utility expenses in accordance with Section 7.2.

## **19. EXPROPRIATION**

Should an authority expropriate, in whole or in part, for public or quasi-public purposes, the Land/Building, such that it becomes impossible, in the opinion of either party, to operate the Land/Building, such party shall, if the Premises are no longer available for the purposes of the Lessee, terminate the Lease as of the date of expropriation by the applicable authority after having provided notice to this effect to the other at any time prior to the expropriation date, without the Lessor incurring any additional duty or obligation towards the Lessee and without the Lessee being entitled to any remedy against the Lessor for the value represented by the unexpired Term of the Lease and any other damages suffered by the Lessee, the latter, however, no longer being required to pay the Rent as of the date of termination of the Lease.

The Lessor and Lessee shall co-operate with each other regarding any expropriation of the Land/Building or any part thereof, so that each may receive the maximum award to which it is entitled at law.

## **20. ESTOPPEL**

### **20.1 Certification of the Validity of the Lease**

At any time and from time to time during the Term of the present Lease and within ten (10) days following a request of one party to the other to this effect, the other party shall sign and remit to any designated person a certificate which may indicate, amongst others:

- (a) that the present Lease has been validly signed with the requisite formalities;
- (b) that the present Lease has not been altered and that it is fully enforceable;
- (c) the Commencement Date of the Lease and its date of expiry;
- (d) the date on which the Rent has been paid;
- (e) that the other party is not presently in default under the Lease and that there is no actual or alleged infraction on the part of one or other of the parties hereto; in the affirmative, the certificate must specify the nature and extent of such infractions;
- (f) that no Rent has been paid more than thirty (30) days before its due date; and
- (g) that to its knowledge the Premises are free from any defect of construction.

## **21. INFRACTIONS**

### **21.1 Events of Default**

The Lessee contravenes the provisions of this Lease and incurs the penalties stipulated herein, in addition to the penalties provided by the laws in force:

- (a) should the Lessee be in default in the payment of Rent or any other sum due under this Lease, as and when the same becomes due unless such default is cured within five (5)

days of a written notice to the Lessee or upon the occurrence of three (3) or more instances of late payments by the Lessee, in which event no further notice will be required in order for such default to be considered an event of default hereunder;

- (b) should any writ of execution be taken out against the goods or property of the Lessee (which is not being contested in good faith by the Lessee and within a reasonable delay);
- (c) should it become insolvent, make a general assignment of its assets in favour of its creditors, become bankrupt or liquidate its affairs, or take advantage of any law relating to insolvency or bankruptcy, or should a sequestrator or trustee be appointed to take over the property of the Lessee or part thereof, or should any action be taken against the Lessee following a judgment or in conformity with the provisions of the Lease;
- (d) should an application, motion, certificate or ordinance be taken or be granted for the liquidation or dissolution of the property of the Lessee, whether this be voluntary or not;
- (e) should the Premises become vacant at any time during the Term of the Lease because of the abandonment thereof by the Lessee or following its expulsion by judicial proceedings taken for non-payment of rent, violation of an undertaking or for any other cause;
- (f) should the Lessee fail, within fifteen (15) days following written notice from the Lessor, to rectify any infraction in the observance or execution of one or other of the non-monetary undertakings, provisions, stipulations and conditions contained in the present Lease or should the Lessee or one of its agents falsify a statement to be provided to the Lessor;
- (g) should an insurance policy taken out for the Premises, the Land, the Building, the Lessee or the Lessor be cancelled or threatened with cancellation because of the use and occupancy of the Premises or part thereof by the Lessee;
- (h) should the Lessee fail to respect the provisions of these presents concerning assignment or sub-lease; and
- (i) should the Premises be used by any other person or for purposes other than those provided for in the present Lease without the written consent of the Lessor.

## **21.2 Right of the Lessor to Put an End to the Lease**

In case of a default on the part of the Lessee, as specified in the Section 21.1, the Lessor may, at its option, give written notice to the Lessee of its intention to put an end to the Lease and the Term of the Lease will expire (i) from the tenth (10<sup>th</sup>) day of the date of the notice, in the case of any failure to pay the Rent or other amounts owing, or (ii) from the twentieth (20<sup>th</sup>) day of the date of the notice thus given in any other cases of default, just as if such tenth (10<sup>th</sup>) or twentieth (20<sup>th</sup>) day were the date indicated for the expiry of the Term of the Lease. Such termination shall be binding to the same extent as the expiry date of the Lease, without it being necessary to initiate legal proceedings. The Lessee expressly waives any rights or benefits which may be available to it pursuant to Article 1883 of the *Civil Code of Quebec*.

## **21.3 Obligation for the Lessee to no Longer Occupy the Premises**

In the event that the Lease has come to an end in accordance with the provisions of the present Section 21, the Lessee shall abandon the Premises or, if it has not yet taken possession thereof, renounce to its right

to occupy same. The Lessor, its agents and employees may, without delay and at any time thereafter, take back possession of the Premises, evict the Lessee and any other person from the Premises and remove all the property found therein; such property may be taken away and stored in a public warehouse or elsewhere at the Lessee's expense, the whole without notice or recourse to judicial proceedings, and the Lessor shall not be held liable for having entered the Premises without permission nor for loss or damage resulting therefrom.

**21.4 Amount Owing to the Lessor**

Should an event of default occur in accordance with this Lease, the Rent for the current month, all Rent in arrears which may exist and a lump sum by way of contractual damages equal to three (3) months of Rent (or until the expiry of the Term of the Lease if there are less than three (3) months remaining) shall become immediately due and payable, subject to the right of the Lessor to claim additional damages as a result of any harm suffered due to the default of the Lessee.

This clause shall be interpreted or construed in order to enable the Lessor to collect "accelerated rent" pursuant to the provisions contained in Paragraph 136(1)(f) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3.

**21.5 Right to Cure Default**

Notwithstanding any contrary provision herein, should there be an event of default of the Lessee, the Lessor shall have the option to cure any such event of default and to claim from the Lessee all costs and fees resulting therefrom, plus administration fees of fifteen percent (15%), without limiting the other rights and remedies of the Lessor. All such amounts shall be payable upon mere request of the Lessor.

**21.6 Fees and Disbursements**

Should the Lessor be required to retain legal counsel or any other expert in order to enforce performance by the Lessee of any of its duties and obligations pursuant to this Lease, the Lessee undertakes and covenants to repay to the Lessor, upon request, all reasonable fees resulting therefrom, of any nature whatsoever, including legal, judicial and extrajudicial fees and disbursements, plus an indemnity equal to fifteen percent (15%) of all amounts that the Lessee owes to the Lessor. All such amounts shall be payable upon mere request of the Lessor.

**22. EMPHYTEUSIS**

**22.1 Absence of Creation of Emphytheusis**

Nothing contained herein shall have the effect to making the present Lease an emphyteutic lease and no right of ownership by the Lessee shall be deemed to have been created under the terms of these presents.

**23. CUMULATIVE RIGHTS**

All the rights and recourses of the Lessor are cumulative and not alternative.

**24. OTHER CONDITIONS**

**24.1 Real Estate Broker**

The Lessee hereby warrants that no real estate agent or broker has negotiated or participated in the negotiations and conclusion of this Lease. The Lessee hereby undertakes to pay the commissions due to any agents working for it.

**25. RENUNCIATION**

**25.1 Renunciation or Amendment**

Any renunciation or amendment to the terms and conditions of the Lease may be effected only in writing.

**25.2 Failure by the Lessor to Require the Respecting of Any Condition**

The failure by the Lessor to insist that the Lessee conform to any provision or condition of the Lease or its failure to avail itself of any right granted to it in virtue of these presents shall not constitute a renunciation to such provision, condition or right in virtue of this Lease, nor an abandonment thereof, and they shall always retain their full force and effect.

**25.3 Acceptance of Payment of the Rent made by another person than the Lessee**

The Lessee, and any other person claiming to be a sub-lessee or assignee of the Lessee, hereby agrees that acceptance of the payment of the Rent made by any person other than the Lessee shall not constitute an acknowledgment of rights other than those which have been granted under the terms of these presents, nor a renunciation to any of the Lessor's rights, nor an admission that such person is deemed to be a sub-lessee or an assignee of the present Lease, regardless of whether or not the Lessee claims otherwise.

**26. NOTICES AND DEMANDS**

**26.1 Delivery of Notices by the Lessor**

Any notice given or demand made in accordance with the Lease, by the Lessor to the Lessee, shall be considered as having been duly given or duly made as soon as it has been delivered to the Lessee in person or left on the Premises or sent to the Lessee at the address of the Premises, or sent electronically to any other address which the Lessee may indicate in writing to the Lessor.

**26.2 Delivery of Notices by the Lessee**

In the same manner, any notice given or demand made by the Lessee to the Lessor shall be considered as having been duly given or duly made as soon as it has been delivered to the Lessor in person or sent by mail to **[Redacted – Confidential Information]**, or sent electronically to any other address which the Lessor may indicate in writing to the Lessee.

**26.3 Election of Domicile by the Lessee**

For purposes of delivery of any notice, legal proceedings or other legal documents relating to any law or proceedings, which the Lessor has taken against the Lessee, the latter elects domicile on the Premises.

## **27. RENEWAL**

### **27.1 Absence of Tacit Renewal**

Notwithstanding the provisions of the *Civil Code of Quebec*, there will be no tacit renewal of the present Lease. Should the Lessee have to remain in possession of the Premises after the expiration of the Lease or renewal thereof without the written consent of the Lessor, such prolonged occupancy will be subject to a monthly payment, payable in advance, equal to 1.5x the monthly payment of the Basic Rent for the last month of the Lease, without affecting the rights of the Lessor to retake possession of the Premises and to evict the Lessee therefrom without notice or indemnification to the latter, nor the other recourses which the Lessor may have under the terms of these presents or by law.

## **28. PROLONGATION**

Provided that the Lessee has fulfilled all of its obligations and has advised the Lessor six (6) months prior to the expiry of the Lease (the "**Exercise Date**"), the Lessee may at its option prolong the present Lease for **[Redacted - Commercially Sensitive Information]** ("**Extended Term**"), on the same conditions, except that:

- (a) the Basic Rent payable **[Redacted – Commercially Sensitive Information]**

Within two (2) months of a request by the Lessee given at any time between eighteen (18) and twelve (12) months prior to the expiration of the Term or the applicable Extended Term, as appropriate, the Lessor shall advise the Lessee of the Lessor's opinion of the most probable fair market rental for the Premises for such Extended Term. If the parties have not agreed on the Basic Rent for the Extended Term by the Exercise Date, the Lessee may nevertheless exercise its right to extend as provided herein, in which event either party may elect to have the fair market rental for the Premises determined by binding arbitration in accordance with the *provisions of the Civil code of Procedure (Quebec)*, as amended or replaced. Until the Basic Rent for the Extended Term has been determined, the Lessee shall continue to pay Basic Rent at the rate applicable during the current year of the Term, and once the Basic Rent for the subject Extended Term has been determined, the parties will forthwith make any necessary readjustments between themselves.

## **29. SUPERIOR FORCE**

### **29.1 Superior Force (*Force majeure*)**

Save insofar as concerns the Lessee's obligations of a monetary nature, neither the Lessor nor the Lessee will be held liable for failure to execute any of its obligations under the terms of these presents, nor for damage or loss suffered by the other party if the failure to execute, damage or loss results from a case of force majeure, acts of enemies of Canada, war, natural disaster, uprising, strike, lock-out, unenforceable event or other similar happening or from any state of emergency or cause which may reasonably be considered to be beyond the control of either party.

### **30. RENOUNCEMENTS – CIVIL CODE OF QUEBEC**

The Lessee hereby specifically waives and renounces to the provisions of Articles 1854 (save and except for the enjoyment of the Premises throughout the Term), 1859, 1861, 1862, 1863, 1864, 1865, 1867, 1868, 1870, 1871, 1872, 1873, 1879, and 1883 of the *Civil Code of Quebec*, or any replacement legislation.

### **31. LAWS AND FORUM SELECTION**

#### **31.1 Laws of Quebec**

The present Lease shall be governed by the laws in force in Quebec. In the event that any provision of this Lease is declared illegal or unenforceable according to the laws of Quebec, any such provision shall be thereupon considered as not forming part of the Lease, which shall remain in force and continue to bind the parties as if such provision had never formed part thereof

#### **31.2 Forum Selection**

Any dispute arising from or related to this Lease shall be subject to the exclusive jurisdiction of the courts of the judicial district of Montreal, to the exclusion of any courts from another district.

### **32. INTERPRETATION**

#### **32.1 Interpretation**

Whenever several persons or companies are mentioned as lessees, they are solidarily liable to fulfil all the obligations contracted by the Lessee under the terms of these presents. In the same manner, the singular shall include the plural and the masculine, the feminine or neuter, or vice-versa, as the case may be.

### **33. HEADINGS**

#### **33.1 Headings**

The headings used in the present Lease shall serve only to facilitate the understanding of the text and shall not be considered as forming part thereof nor serve to interpret the Lease.

### **34. LANGUAGE**

#### **34.1 Language**

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.

### **35. SUCCESSORS AND REPRESENTATIVES**

#### **35.1 Successors and Representatives**

The present Lease is for the benefit of the parties, their heirs, administrators, successors and representatives and binds them. This Section must nevertheless not be interpreted as permitting the Lessee

to sub-let the Premises or to assign or transfer its rights in virtue of this Lease, save as stipulated and permitted under this Lease.

*[Signatures on the next page]*

**SIGNED** as of the first date above written.

**RONCON CONSULTANTS INC./LES CONSEILLERS RONCON INC.**

By: 

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**JOSEPH ABBANDONATO, Authorized Signatory**

•

By: 

---

**•, Authorized Signatory**

**SCHEDULE A – LAND**

An immovable fronting Labb   North Boulevard, in the City of Victoriaville, Province of Quebec, known and designated as being lot number TWO MILLION NINE HUNDRED FORTY-SIX THOUSAND FORTY (2 946 040) of the Cadastre of Quebec, in the Office of Publicity of Rights for the District of Arthabaska.

AMENDED AND RESTATED LEASE AGREEMENT

(Property Address: 1201 Unity Street, Thomasville, North Carolina)

LEASE AGREEMENT ENTERED INTO IN THE CITY OF THOMASVILLE, NORTH CAROLINA, ON THE  
●, TWO THOUSAND AND TWENTY-FIVE (THE "LEASE").

APPEARED:

**PICO SOU ABBANDONATO**, having their mailing address at **[Redacted – Confidential Information]**.

Hereinafter called the "**LESSOR**"

AND

**IMAFLEX USA, INC.**, a Delaware corporation, having its mailing address at 1201 Unity Street, Thomasville, North Carolina.

Hereinafter called the "**LESSEE**"

WHO HAVE HEREBY AGREED AS FOLLOWS:

**1. DEFINITIONS**

Saving provisions to the contrary herein or of incompatibility with the context, the following words and expressions, wherever used in the present Lease, have the following meaning:

- 1.1     **"Additional Rent"** means all sums of money, other than Basic Rent and sales taxes, which are required to be paid by the Lessee pursuant to any provision of this Lease, including the Lessee's Taxes.
- 1.2     **"Basic Installations"** means the installations supplied as of the date hereof by the Lessor on the Premises.
- 1.3     **"Basic Rent"** as the meaning ascribed to such term in Section 5.1.
- 1.4     **"Building"** means the building presently situated on the Land, which has the municipal address 1201 Unity Street, Thomasville, North Carolina.
- 1.5     **"Damages"** means all damages, losses, liabilities, obligations, charges, liens, costs, expenses, claims, demands, suits, debts, duties, prosecutions, orders, notices, actions, causes of action, judgments, interests, fines or sanctions (including cost of investigation and defence, legal and other professional fees and expenses, interest and penalties), whether or not involving a third-party.
- 1.6     **"Lessee's Equipment"** means, to the extent that the following are directly related to Lessee's production equipment and are not necessary for the operation of the Building, all silos, silo ducting and all air compressors, mezzanines and catwalks (provided such mezzanines and catwalks are attached to Lessee's machinery), safety guardrails, electrical cabling and drops, day bins for resin, chillers, electrical distribution inside the building, extruders (and all equipment attached thereto), bagging equipment, all equipment purchased by Lessee to support its manufacturing and distribution processes, and all components and attachments to the foregoing.
- 1.7     **"Land"** means the land legally described in Schedule A attached hereto.

- 1.8     **"Lessee's Improvements"** means all the improvements, installations and additions made from time to time to the Premises, and more particularly, but without limiting the meaning thereof, all the fixed partitions, lighting equipment, wall-to-wall carpeting, interior and exterior signs and all items which cannot be moved without damaging the Premises; with the exception of the movable property, movable partitions, fixed equipment and installations used by the Lessee for its business and belonging to it, provided that such fixed equipment and installations can be removed without damaging the Premises.
- 1.9     **"Lessee's Taxes"** means the aggregate of:
- (a)    all "ad valorem taxes" include all taxes and assessments (special or otherwise) levied, accrued or assessed during Lessee's occupancy against the Premises, assessment and taxes based on gross rentals (if any), and other taxes arising out of the use and/or occupancy of the Premises imposed by federal, state or local governmental authority or any other taxing authority having jurisdiction over the Premises (including expenses directly incurred by Lessor in contesting the validity of, in seeking a reduction in, or seeking to prevent an increase in any such tax(es) or assessment(s)), but shall exclude franchise, capital stock, estate or inheritance taxes personal in nature to Lessor; and
  - (b)    all taxes, rates, duties, levies, fees, charges and assessments whatsoever imposed upon the Lessee which are attributable to the business or income of, or the use or occupancy of the Premises by, the Lessee or any other occupant of the Premises.
- 1.10    **"Premises"** means the Land and the Building located thereon.
- 1.11    **"Prime Rate"** means the rate of interest per annum established and quoted from time to time by the Wall Street Journal from time to time as the prime rate.
- 1.12    **"Rent"** means Basic Rent and Additional Rent.
- 1.13    **"Structure"** means the footings, foundations, subfloor, structural columns and beams, joists, load-bearing walls, foundation walls, and roof structure (including the roof membrane, the roof insulation, the basins, the parapets and the flashing), and all utility systems lying in or below the floor slab or outside the Building or below the ground that serve the Premises including without limitation all stormwater retention and detention facilities.

## **2. PRIOR LEASE**

### **2.1     Termination of Prior Lease**

The parties acknowledge that the existing Lease Agreement entered into between the Lessor and Lessee, dated as of January 1, 2022, with respect to the Premises, as amended (the **"Prior Lease"**), is hereby terminated effective the date hereof, which termination is subject to Lessee's financial obligations under the Prior Lease in the normal course of business until the date hereof, for the current lease year only, and the Additional Rent adjustments until the date hereof, for the current lease year only.

## **3. PREMISES**

### **3.1     Description of the Premises**

The Lessor has hereby leased to the Lessee, thereof accepting, with warranty of peaceful enjoyment, subject to the provisions of this Lease, the Premises commonly known as 1201 Unity Street, Thomasville, North Carolina, as more particularly described in Exhibit A.

### **3.2 Condition of the Premises**

The Lessee represents that it has examined and viewed the Premises and the Lessee accepts the Premises condition on an "as is, where is" basis, at its sole risk and peril, subject to the provisions of this Lease.

### **4. TERM**

#### **4.1 Commencement and Duration**

The Lease shall commence of the date hereof (the "Commencement Date") and terminate on the last day of the month before [Redacted - Commercially Sensitive Information] (the "Term"), subject to the options to renew as provided in Section 28.

### **5. PAYMENT**

#### **5.1 Basic Rent**

The Lessee shall pay to the Lessor during the Term an annual basic rent of [Redacted- Commercially Sensitive Information], which is payable by twelve (12) equal and consecutive monthly instalments of [Redacted- Commercially Sensitive Information] each, commencing on the Commencement Date (the "Basic Rent"). If the Term commences on a day other than the first day of a month, Basic Rent for such partial month shall be prorated on a 1/365th-per-day basis.

#### **5.2 Net Lease**

Except as otherwise provided herein, the Lessor is not responsible for any expenses or outlays of any nature arising from or relating to the Land and/or the Building and/or the Premises, or the use or occupancy thereof, or the contents thereof or the business carried on therein. The Lessee shall pay all charges, impositions and outlays of every nature and kind relating to the Land and/or the Building and/or the Premises, except as expressly stated to the contrary in this Lease. Without limiting the foregoing, the Lessee is responsible for its costs to self-manage the Premises and to maintain, repair and replace the Premises, but subject to Lessor's obligations under this Lease.

#### **5.3 Reimbursement of Expenses Incurred by the Lessor**

Any expense incurred by the Lessor (i) at Lessee's request or (ii) to remediate any default by the Lessee of its obligations hereunder (subject to applicable cure period, if any), plus administrative fees equal to fifteen percent (15%) of such expense (except in the case of paragraph (i) where such request relates to an obligation of the Lessor under this Lease), shall constitute Additional Rent payable at the same time as the Basic Rent following the receipt from the Lessee by the Lessor of a notice describing in reasonable details the default and the reasonable expenses incurred.

#### **5.4 Terms of Payment**

Basic Rent, Additional Rent and any other amounts due from Lessee to Lessor hereunder shall be collectively referred to herein as "Rent". The Rent shall be paid on its due date as provided in this Lease. The Lessee must forward the payments to the Lessor at [Redacted – Confidential Information] or such other address as the Lessor may indicate in writing to the Lessee.

#### **5.5 Renunciation of the Compensation**

The Lessee hereby renounces to any present or future claim or compensation to which it may claim to be entitled or to which others may claim to be entitled in its name, for any Rent or other sum due under the terms of these presents and hereby agrees to pay the Rent and other sums in full, under all circumstances. The Lessee hereby agrees that any monies that it has paid or owes to the Lessor may be applied to any

amounts due under these presents, at the Lessor's choice, notwithstanding any directive to the contrary. No endorsement on any check nor any declaration made in a letter accompanying a check may be considered as an agreement or acceptance, and the Lessor may accept a payment without same affecting its rights in virtue of the law or the present Lease.

#### **5.6 Payments in abeyance**

The Lessor shall be entitled to claim interest on any monies in abeyance for the Rent or other amounts due in virtue of the present Lease, at the Prime Rate, without prejudice to its other rights and recourses.

### **6. USE OF PREMISES**

#### **6.1 Use of the Premises by the Lessee**

The Lessee may use the Premises solely for manufacturing of polyethylene films, the reproduction of same or the process of metallizing films, and any related activities. The Lessee will not use, or permit, or suffer the use of, the Premises or any part thereof for any other business or purpose without the Lessor's consent.

For greater certainty, the Lessee shall not be required to continuously occupy the Premises, provided that it complies with the other terms and conditions of the Lease. The Lessee may cease to occupy within the Premises without being deemed in default or without its actions being deemed prejudicial to the Lessor provided that:

6.1.1 it shall give the Lessor not less than five (5) business days' prior written notice of its intention to cease to physically occupy the Premises;

6.1.2 the Lessee must maintain its insurance coverage and if the Premises will remain vacant for a period exceeding thirty (30) consecutive days, it shall notify its insurer of its election to cease to physically occupy the Premises. The Lessee shall be responsible for the cost of any additional insurance or any increase in its insurance premiums or in the insurance premiums of the Lessor, resulting from its exercise of such right to cease to physically occupy the Premises;

6.1.3 it is understood that such right to cease to physically occupy the Premises shall in no case constitute a risk resulting in the cancellation or significant change in the Lessee's insurance coverage required under this Lease for the Premises;

6.1.4 the Lessee shall take any steps reasonably necessary to maintain security in the Premises; and

6.1.5 the Lessee shall have an employee or other person at its choice to be approved by the Lessor to attend at the Premises regularly to inspect same and effect such maintenance, repairs or replacements as may be required under this Lease.

#### **6.2 Prohibited Use**

For greater certainty, the Lessee shall not use the Premises in a way which is a of nature to lessen the value of the Premises.

### **7. PARKING AND UTILITIES**

#### **7.1 Parking**

In virtue of the present Lease, the Lessee shall be entitled to the exclusive use of the parking on the Land.

## **7.2 Utilities**

The Lessee shall be exclusively responsible and shall pay to the relevant utility provider all utility expenses including, without limitation, electricity heating, ventilation, and air conditioning.

## **8. SYSTEMS, EQUIPMENT AND SERVICE INSTALLATIONS**

### **8.1 Systems and Equipment of the Premises**

Subject to capital repairs and replacements which shall be the Lessor's responsibility in accordance with Section 13.2 and 16.2, the Lessee shall see to the functioning, maintenance in good condition, non-capital repair and replacement of all the systems and equipment of the Premises, including the heating, ventilation and air-conditioning systems and equipment and any related system and equipment located in the Premises to heat, ventilate or air-condition the Premises (the "HVAC").

Notwithstanding anything to the contrary in this Lease, including the foregoing provisions, the Lessee's Equipment shall be under the sole responsibility of the Lessee, at its sole cost, whether such cost is related to maintenance, non-capital repairs and replacements or capital repairs and replacements.

### **8.2 Use of the Service Installations**

The Lessee hereby agrees not to install any equipment, which may exceed the capacity of the Basic Installations and hereby agrees that if any of same requires additional installations, it shall be installed at the Lessee's expense, provided that Lessee's has provided to the Lessor its plans and specifications and obtained the prior written consent of the Lessor.

Subject to capital repairs and replacements which shall be the Lessor's responsibility in accordance with Section 13.2 and Section 16.2, the Lessee must conform to the requirements of any authority having jurisdiction over or relating to the functioning of the systems and equipment of the Premises, including the HVAC systems and equipment.

## **9. TAXES**

### **9.1 Tax Biling**

9.1.1 The Lessor shall cooperate in arranging for all tax notices, assessments and bills issued from and after the date hereof to be delivered directly to the Lessee by the applicable taxing authority and assessment authority. The Lessor shall promptly furnish to the Lessee all tax notices, assessments and bills it receives. The Lessee shall pay, from and after the date hereof, the Lessee Taxes directly to the taxing authority.

### **9.2 Right of Contestation of the Lessee**

The Lessee shall have the right and privilege of contesting, in the name of the Lessor, any increase in assessment or real estate and school taxes, including the right to pursue any and all administrative and legal remedies pertaining to the increase, provided that Lessee's has obtained the prior written consent of the Lessor regarding such contestation, which consent shall not be unreasonably withheld or delayed. The Lessor shall cooperate with the Lessee with respect to any litigation, contest or administrative proceeding and to produce such witnesses and documentary evidence as the Lessee shall reasonably require, with the Lessee paying all expenses associated with or arising from such litigation, contest or proceeding. The Lessor shall send to the Lessee or have sent to the Lessee all tax bills, assessments and other related notices promptly upon receipt by the Lessor or when made available to the Lessor, as the case may be. Any reasonable out of pocket expense incurred by the Lessor, including any reasonable legal fees, in connection with any Lessee-instituted litigation, contest, or administrative proceeding pertaining to the real estate and school taxes shall be reimbursed by the Lessee upon presentation of an itemized statement of

expense by the Lessor. The Lessee shall not take any action or fail to take any required action that would expose the Land and the Building or any other property of the Lessor for sale, or put the Lessor into default under any mortgage/deed of trust of the Land and the Building in each case by reason of non-payment of any such real estate and school taxes.

#### **9.3 Non-Responsibility of Lessee**

The Lessee is not responsible for any of Lessor's administrative fees relating to ad valorem taxes or any interest or penalties imposed for late payment caused by the Lessor. Ad valorem taxes shall be apportioned so that the Lessee pays only that portion of ad valorem taxes or installments thereof in respect of periods that fall between the date hereof and the date of expiry of the Term of the Lease. The Lessee is not responsible for any income tax, capital tax, excise tax or other similar tax or charge, or inheritance, franchise, capital levy transfer, estate, succession or other similar tax or charge that may be payable by or chargeable to the Lessor under any present or future laws (other than, for greater certainty, the sales tax, if applicable).

#### **9.4 Lessee's Taxes**

The Lessee shall pay Lessee's Taxes on their due date as well as any other assessment imposed directly on the Lessee and resulting from the present Lease. The Lessee must promptly provide the Lessor, after such payment and upon demand from the Lessor, with proof of payment of such taxes and permits. Furthermore, at any time and from time to time during the Term of the present Lease, promptly following a request of the Lessor to the Lessee to this effect, the Lessee shall remit to the Lessor all proof of payment of such taxes and permits.

#### **9.5 Reimbursement of Lessee's Taxes Paid by the Lessor**

Should any law or regulation of any competent authority decree that the Lessor must pay a certain tax normally paid by the Lessee, or should the method of collection of certain taxes be altered to render the Lessor responsible therefor rather than the Lessee, or should such taxes be replaced by other taxes payable by the Lessor, the Lessee must reimburse the Lessor, within ten (10) days of the written request made to it by the latter, for any sum thus claimed from the Lessor by the competent authorities, and it shall warrant the Lessor against all costs and expenses relating thereto.

### **10. SIGNS**

#### **10.1 Lessee's Signs**

The Lessee may erect sign(s) (the "**Signs**") on the exterior of the Building denoting its tenancy therein provided such Signs conform to all applicable laws and by-laws. All Signs shall remain the property of the Lessee and shall be maintained at the Lessee's sole cost and expense. At the expiration of the Term or earlier termination of this Lease, the Lessee shall remove all Signs from the Premises at the Lessee's expense and shall promptly repair all damage caused by their installation or removal failing which the Lessor may do so.

### **11. ASSIGNMENT AND SUB-LEASE**

#### **11.1 Assignment or Sub-Lease**

The Lessee may not transfer or otherwise assign the present Lease, sub-let the Premises, in whole or in part, nor allow any charge to affect the present Lease, the Premises, the Lessee's Improvements or any part thereof, nor tolerate or permit the occupation of the Premises, in whole or in part, by other persons, without having obtained the prior written consent of the Lessor, which consent may not be refused or withheld without serious reason.

## 11.2 Conditions Relating to the Consent

Whenever the Lessor has given its consent to any assignment or a sub-lease, such consent will be subject to the following conditions:

- (a) the assignee, sub-lessee or occupant (i) having a good credit rating and (ii) capable of financing its acquisition of the Lessee's business and the Lease on terms and conditions at least as favourable as those originally obtained by the Lessee;
- (b) the agreement of assignment or sub-lease shall be drafted by the Lessee's notary in the form chosen by the Lessor and signed by the Lessee, assignee, sub-lessee or occupant, as the case may be;
- (c) the Lessee is jointly and severally liable with any assignee, sub-lessee or occupant for the fulfilment of all the terms and conditions of the present Lease, including the payment of the Rent, until the expiration of the Lease, provided that the Lessee shall be released from all obligations arising after the expiry of the Lease or any renewal thereof;
- (d) the Lessee shall immediately pay to the Lessor any consideration, including any increase in Basic Rent received by it directly or indirectly from an assignee, sub-lessee or occupant, whether this be in money, goods or services in excess of the Basic Rent agreed to between the Lessor and the Lessee;
- (e) the Lessee shall reimburse all reasonable expenses incurred by the Lessor relating to the preparation of the documents intended to put into effect the contemplated assignment or sub-lease; and
- (f) the permitted use of the Premises and all other conditions of the present Lease shall remain unchanged.

## 11.3 Consent Required for a New Assignment or Sub-Lease

Despite its consent to any assignment or sub-lease, the Lessor will in no way have renounced to the provisions of this Section 11, nor have thus consented to any subsequent assignment or sub-lease.

## 11.4 Permitted Transfer

Notwithstanding the foregoing, the Lessee shall be entitled to transfer this Lease or sublease all or part of the Premises in conjunction with any of the following transactions, without having to obtain the Lessor's consent, provided written notice of such transfer shall be delivered to the Lessor prior to the effective date of such transfer: (a) an assignment of the Lease or the sublease of the Premises in whole or in part to: (i) an Affiliate, or (ii) a partnership or joint venture in which the Lessee holds a Controlling interest.; and/or (b) an assignment of the Lease in conjunction with the sale of all or substantially all of the Lessee's assets as a going concern (for greater certainty not only at the Premises, but other places of business of the Lessee).

**"Affiliate"** means with respect to any Person, any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such Person. **"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through ownership of securities or other ownership interests, by contract or otherwise. **"Controlling"** and **"Controlled"** have corresponding meanings. **"Person"** means any individual, partnership, corporate entity, trust or any combination of them.

For clarity, the Lessee shall remain jointly and severally liable with any new tenants under a permitted transfer as provided in this Section 11.4 for the fulfilment of all the terms and conditions of the present

Lease, including the payment of the Rent, until the expiration of the Lease, provided that the Lessee shall be released from all obligations arising after the expiry of the Lease or any renewal thereof.

## **12. INSURANCE, LIABILITY AND INDEMNIFICATION**

### **12.1 Lessee's Insurance**

The Lessee shall, at its own expense, take out the following insurance policies and maintain them in force throughout the Term of the present Lease:

- (a) All-Risk Insurance: An all-risk insurance policy in an amount covering the replacement value of the Premises, and of all insured objects in/on the Premises, such as furniture, Lessee's Improvements and the stock in trade belonging to the Lessee or for which it is responsible. Such insurance policy shall include coverage against business losses for a period of at least twelve (12) months for the benefit of the Lessor in order to ensure the payment in full of Rent.
- (b) Commercial general liability insurance insuring Lessor, as "named insured", Lessor's mortgagee (provided such mortgagee has been identified to Lessee in writing prior to issuance of any certificate for such insurance), if any, and Lessee against claims of any and all persons, firms and corporations for property damage, personal injury or death occurring upon, in or about the Premises, with limits of not less than \$5,000,000 per occurrence, such policy shall insure against any and all liability of Lessor or Lessee, including without limitation coverage for contractual liability of Lessee under this Lease and broad form of property damage with respect to the Premises. Such insurance shall be written on an "occurrence" basis and not a "claims" basis.
- (c) Any other form of insurance as the Lessee or the Lessor or the Lessor's mortgagee may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would insure.

Any insurance required pursuant to this Lease shall be satisfied by way of valid and enforceable insurance policies issued by recognized insurers admitted in North Carolina or eligible surplus lines carriers with A.M. Best A- VII or better, in a form which the Lessor shall deem satisfactory acting reasonably. Each insurance policy referred to in Section 12.1 shall designate the Lessor and its mortgagees or deed of trust creditors as additional insureds, as their interests may appear and shall include a waiver of any right of subrogation which the insurers of the Lessee may have against the Lessor and/or those persons for whom the Lessor is legally liable, and, with respect to civil liability insurance, shall contain cross-liability and contractual liability clauses. All policies shall include the undertaking of the insurers to notify the Lessor in writing, at the address set out in this respect, at least thirty (30) days prior to any material change, or to the cancellation or termination thereof.

### **12.2 Proof of Coverage**

The Lessee shall supply certified copies of the insurance policies which it maintains in force under the terms of the present section and satisfactory proof of actual payment of the premiums before the date hereof and thereafter during the Term of the present Lease, at the latest on the date of expiry of the insurance policies required hereunder. In the event that the Lessee fails to take out the required insurance or to provide the Lessor with a copy of the insurance policies, or satisfactory proof of payment of the premiums, the Lessor may, after giving reasonable notice thereof to the Lessee, take out such insurance and recover any premium thus paid, plus administrative fees of fifteen percent (15%) relating thereto.

### **12.3 Dangerous Actions/Substances**

The Lessee shall not take any action, do anything or maintain within, or near, the Premises anything whatsoever which might increase the risk of fire outbreak or the premiums or the premiums rates in respect of the Land and/or the Building and/or the Lessor.

The Lessee shall not bring into the Premises inflammable, explosive or other material or substances which would increase the risk of fire outbreak or the premiums or the premiums rates in respect of the Land and/or the Building and/or the Lessor. The Lessee shall conform to the rules and regulations of its own insurers and of the insurers of the Lessor, as well as of any inspector carrying out an inspection of the Premises at the request of the Lessor or of any association of insurers relating to the insurance of the Premises.

### **12.4 Insurance Policies covering the Land, the Building and the Lessor**

The Lessee shall ensure that insurance policies covering the Land, the Building and the Lessor, including the general liability insurance, are in force during the Term and the Lessee shall, at its sole cost and expense, pay the insurance premiums of such insurance policies. The Lessee must promptly provide the Lessor, after such payment and without demand from the Lessor, with certified copies and proof of payment and renewal of such insurance policies. Furthermore, at any time and from time to time during the Term of the present Lease, promptly following a request of the Lessor to the Lessee to this effect, the Lessee shall remit to the Lessor all certified copies and proof of payment and renewal of such insurance policies. In the event that the Lessee fails to maintain the required insurance or to provide the Lessor with a copy of the insurance policies, or satisfactory proof of payment of the premiums, the Lessor may, after giving reasonable notice thereof to the Lessee, take out such insurance and recover any premium thus paid, plus administrative fees of fifteen percent (15%) relating thereto.

In the event that the insurance premiums relating to any one of the policies covering the Land and/or the Building and/or the Lessor are increased following any violation of any of the provisions of the present Lease by the Lessee or as a result of the nature of its business or activities, the Lessor may, in addition to all of the recourses available to it pay the amount of any such increase in premium and the Lessee must reimburse such sum to the Lessor, plus administrative fees of fifteen percent (15%) relating thereto.

After the initial Term of the lease and for any Extended Term, the Lessor will take at its own expenses such insurance policies covering the Land, the Building and the Lessor, including the civil liability insurance of the Lessor.

### **12.5 Cancellation of Insurances**

Should an insurance policy covering the whole or any part of the Premises, the Building, the Land, the Lessor or the Lessee be cancelled or about to be cancelled, or should the coverage under the terms of the said policy be reduced in any way by the insurer, as a result of the use and occupation of the Premises or should the Lessee fail to rectify the cause of such cancellation, threat of cancellation or reduction in coverage within twenty-four (24) hours after having been advised thereof by the Lessor, the latter may, at its discretion, either:

- (a) immediately retake possession of the Premises and give the Lessee written notice of its intentions, the whole in accordance with the provisions of Section 21; or
- (b) enter into the Premises and rectify the situation giving rise to such cancellation, threat of cancellation or reduction in coverage; the Lessee must then immediately pay the cost thereof to the Lessor, plus administrative fees of fifteen percent (15%) relating thereto; on the occasion of such entry into the Premises, the Lessor shall not be liable for any damage or loss caused to the property in the Premises, whether it belong to the Lessee or to anyone else.

## **12.6 Non-Liability**

The Lessor shall not be liable for any property damages or bodily injury occurring upon the Premises, or in or on the Land/Building, at any time and for any reason whatsoever, except where its gross fault or gross negligence shall be the direct and immediate cause thereof. Subject to Section 14.4, the Lessee shall not be entitled to any abatement or suspension of payment of Rent nor shall it have any remedy against the Lessor in the event of the partial or total interruption of services or in the event of damages caused by a slowdown or interruption of heating, air conditioning, electricity for lighting purposes or the operation of machinery, of water, plumbing, sewers, or any other service, or in the event of damages or inconvenience resulting from the infiltration or presence of water, snow or ice on the roof, skylights, trap-doors, windows or otherwise, or a result of any defect or breakage whatsoever of pipes, tanks, movable property that is permanently installed or any other apparatus or device causing the seepage, infiltration or the dripping of vapour, water, snow, smoke or gas in the Premises, or in the event of damages or inconvenience resulting from the condition or arrangement of electrical wires or cables or others, or caused by any act, omission or negligence of owners or occupants of adjacent or abutting properties, or attributable to the performance of major repairs, alterations, improvements or structural conversions of the Building or the Land or any other thing or service within, outside or adjacent to the Building/Land.

## **12.7 Indemnity of Lessor by Lessee**

In addition to and without limiting or being limited by any other indemnity in this Lease, but rather in confirmation and furtherance thereof, the Lessee shall indemnify, defend by counsel reasonably acceptable to the Lessor and hold the Lessor, and its shareholders and members, and their respective officers, directors, members, partners, agents, employees, successors and assigns harmless of, from and against any and all Damages in connection with injury to or death of any person or with respect to damage to or theft, loss or loss of the use of any property, or any other loss or injury whatsoever, occurring in or about the Premises (i) to the extent arising from the Lessee's occupancy of the Premises, or the conduct of its business or from any activity, work, or thing done, permitted or suffered by the Lessee in or about the Premises, or (ii) to the extent arising from any breach or default on the part of the Lessee in the performance of any covenant or agreement on the part of the Lessee to be performed pursuant to the terms of this Lease, or (iii) to the extent due to any other negligent act, fault or omission or any default or willful misconduct of the Lessee, or any of its employees, agents, licensees, invitees or contractors.

# **13. MAINTENANCE, REPAIRS AND ALTERATIONS**

## **13.1 Maintenance and Repairs by the Lessee**

13.1.1 Subject to the Lessor's repair and replacement obligations set out in Section 13.2 and reasonable wear and tear, the Lessee shall at all times at its sole cost and expense make all non-capital repairs and replacements to the Premises and maintain, operate, secure, supervise, administer and manage the Premises, including all leasehold improvements, so that they are at all times during the Term in good order, condition and repair, as would a prudent lessee of premises similar to the Premises. For clarity, the Lessee shall notably arrange for and pay for the following services:

- (a) Lessee's Taxes as set out in Section 9;
- (b) Waste removal costs;
- (c) Utility costs as set out in Section 7.2;
- (d) Costs as set out in Section 8; and
- (e) Those maintenance, repair and replacement costs set out in the first paragraph of this Section 13.1.1.

13.1.2 The Lessee may, at any time and at its own expense, carry out all Lessee's Improvements to the Premises which, according to it may best answer the needs of its business, on condition, nevertheless:

- (a) that before undertaking such work, it first submits the plans and specifications to the Lessor and receive the written approval of the latter;
- (b) that it pays all reasonable out of pocket expense incurred by the Lessor for the approval of the plans and specifications of the Lessee's Improvements, including any relevant architect, engineer, contractor, sub-contractor or real estate manager that would need to be involved, as the case may be;
- (c) that it brings about no alterations, additions or improvements to the Structure or to the exterior walls;
- (d) that it causes to be taken away in a reasonable time from the Premises the rubbish and waste materials which have accumulated thereon during such work.

13.1.3 Notwithstanding Section 13.1.2, the Lessee shall not be required to obtain the Lessor's written approval with respect to any minor repairs, alterations, replacements to the Premises.

13.1.4 The Lessee will perform its obligations in this Section 13.1 in a timely and good and workmanlike manner as would a prudent lessee of premises similar to the Premises. The Lessee's alterations and leasehold improvements shall be performed by competent workmen and in a good and workmanlike manner and in accordance with all applicable laws. Notwithstanding anything to the contrary in this Lease, under no circumstance shall the Lessor be considered a general contractor for any Lessee's work or Lessee's Improvements or removal thereof.

13.1.5 Should, as a result of such maintenance, repair or work or Lessee's Improvement made by the Lessee, any lien be published against the Land and/or Building for work claimed to have been done or materials claimed to have been furnished to the Lessee, the latter shall diligently prepare and file all the requisite documents to cause the same to be radiated at the Register of Deeds, or bond over at the Lessee's expense, and/or diligently, and at its expense, vigorously contest same by all legal means and without interruption, in which latter case, the Lessee will furnish to the Lessor adequate and reasonable security which the Lessor may require in the circumstances.

## **13.2 Lessor Repair and Replacement Obligations**

13.2.1 The Lessor shall, throughout the Term, expeditiously, as would a careful and prudent owner of a similar property, do the following:

- (a) repair, correct and/or replace all defects or weaknesses to the Structure and make all required repairs and replacements to the Structure, all of which shall be at the Lessor's sole cost and expense and which costs shall not be included or charged back to the Lessee as Additional Rent or otherwise, except to the extent that the costs for any such repairs or replacements are required as a result of any act or omission of the Lessee, its employees, agents or those for whom it is in law responsible; and
- (b) make and perform all required capital repairs and replacements to the Premises (excluding for greater certainty such repairs and replacements related to Lessee's Equipment), and, to the extent such required capital repairs and replacements to the Premises occur after the initial Term of two (2) years, the applicable cost thereof (excluding however any such costs which relate to the Lessor's repair and replacement obligations set out in paragraph (a) above) shall be amortized on a straight line basis, with interest on the unamortized cost thereof at two percent (2%) in excess of the Prime Rate, over a period equal to the useful life thereof in accordance with Generally Accepted Accounting Principles (GAAP) (with the Lessor bearing any amortized costs which extend beyond the expiration of the Term) and

such amortized cost shall be paid by the Lessee to the Lessor as Additional Rent, on a monthly basis until the earlier of (i) the expiry of the Term or any renewal or extension thereof or (ii) expiry of the amortization period described herein; for avoidance of doubt, any required capital repairs and replacements to the Premises (excluding for greater certainty such repairs and replacements related to Lessee's Equipment) occurring during the initial Term of two (2) years shall be solely assumed by the Lessor and no amortization shall be charged to the Lessee;

13.2.2 The Lessor will perform its obligations in this Section 13.2 in a timely and good and workmanlike manner and in accordance with all applicable laws.

### **13.3 Surrender of the Premises**

At the expiration of the Term or earlier termination of this Lease, the Lessee shall peaceably surrender and yield up the Premises to the Lessor in as good a condition and state of repair as the Lessee is required to maintain the Premises throughout the Term, surrender all keys and pass cards for the Premises to the Lessor at the place then fixed for the payment of Rent and inform the Lessor of all combinations of locks, safes and vaults, if any, in the Premises.

### **13.4 No Obligation of Removal and Restoration by Lessee**

The Lessee shall have no obligation to remove any leasehold improvements or any obligation to return the Premises back to base building condition, but the Lessee shall peaceably surrender and yield up the Premises to the Lessor in as good a condition and state of repair as the Lessee is required to maintain the Premises throughout the Term. At any time during the Term or at the expiry or earlier termination thereof, the Lessee may remove from the Premises any alterations and improvements for which the Lessee has paid including its furniture, equipment (including Lessee's Equipment) and trade fixtures and leasehold improvements provided that the Lessee repairs any damage caused by such removal.

## **14. DAMAGE OR DESTRUCTION**

### **14.1 Minor Casualty**

If the Building is damaged by fire or other casualty and if such damage does not render all or a substantial portion of the Building untenantable, then the Lessor shall proceed with reasonable diligence to repair and restore the Building to as near its condition prior to such damage as reasonably possible excluding leasehold improvements and non-base building items, subject to reasonable delays for insurance adjustments and delays caused by matters beyond the Lessor's reasonable control, and also subject to zoning laws and building codes then in effect.

### **14.2 Major Casualty**

If any such damage renders all or a substantial portion of the Building untenantable, as determined by a qualified, independent architect or engineer selected by the Lessor and Lessee jointly (the "**Consultant**"), the Lessor shall, with reasonable diligence after the occurrence of such damage, cause the Consultant to estimate the length of time that will be required to substantially complete the work necessitated by such damage to repair and restore the Building to as near its condition prior to such damage as reasonably possible excluding leasehold improvements and non-base building items, and shall advise the Lessee of such estimate. If it is estimated that the amount of time required to substantially complete such repair and restoration will exceed one hundred eighty (180) days from the date such damage occurred, then the Lessor or the Lessee may terminate this Lease at any time within twenty (20) days after the Consultant delivers its estimate. Unless this Lease is terminated as provided in the preceding sentence, the Lessor shall proceed with reasonable diligence to complete such repair and restoration, subject to reasonable delays for insurance adjustments and delays caused by matters beyond the Lessor's reasonable control, and also subject to zoning laws and building codes then in effect. If such repairs and restoration are not completed

by the date (the "**Outside Date**") which is twelve (12) months after the date of such fire or other casualty (or ninety-five (95) days after the expiration of the time period estimated by the Consultant if the estimate was longer than one hundred eighty (180) days and neither party terminated the Lease as permitted), then either party may terminate this Lease within thirty (30) days after the Outside Date, but prior to substantial completion of repair or restoration.

#### **14.3 Limitations**

Notwithstanding anything to the contrary in this Lease:

- 14.3.1.1 the Lessor has no duty pursuant to this Section 14 to repair or restore any portion of the leasehold improvements or non-base building items, the Lessee's alterations or any other improvements, additions or alterations made in the Premises;
- 14.3.1.2 if any such damage rendering all or a substantial portion of the Building untenantable shall occur during the twenty-four (24) months of the Term, either party may terminate this Lease by giving notice to the other within thirty (30) days after the date such damage occurred, which termination will be effective as of the date of such notice;
- 14.3.1.3 in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are substantially insufficient to pay for the costs of rebuilding the Building, or are not payable to or received by the Lessor, or in the event that any mortgagee, lender or other person entitled thereto shall not consent to the payment to the Lessor of the proceeds of any insurance policy for such purpose, or in the event that the Lessor is not able to obtain all necessary governmental approvals and permits to rebuild the Building, the Lessor may elect, on notice to the Lessee, within thirty (30) days of such damage or destruction, to terminate this Lease, which termination will be effective as of the date of such notice.

#### **14.4 Abatement of Rent**

Except to the extent arising from the negligence, default or wilful misconduct of the Lessee or its agents, employees, contractors or invitees, if any fire or casualty damage renders the Building or any portion of it untenantable and this Lease is not terminated pursuant to this Article 14, then Rent will abate during the period beginning with the date of such damage and ending thirty (30) days after the date when the Lessor substantially completes its repair or restoration required under this Lease. The abatement will be calculated by multiplying the total amount of Rent for such period by a fraction the numerator of which is the portion of the rentable area of the Building which is untenantable and the denominator of which is the rentable area of the Building. If this Lease is terminated pursuant to this Article 14, the Lessee shall pay Rent, apportioned on a per diem basis, to the date of the termination.

#### **14.5 Untenantability**

As used in this Lease, the term "**untenantable**" means reasonably incapable of being occupied for its intended use due to damage to the Building or any part thereof.

### **15. RIGHT OF ACCESS**

#### **15.1 Right of Entry**

The Lessor and its agents may from time to time enter the Premises on 48 hours' prior written notice (except in the event of an emergency, in which case Lessor may enter the Premises without notice) to examine the same and to undertake maintenance of and to make repairs or replacements to the Premises or any part thereof or any systems therein to the extent necessary for Lessor to fulfill its maintenance, repair and replacement obligations hereunder, and in all events subject to Lessee's reasonable security requirements. The Lessee may require that the Lessor or its agent(s) be accompanied by a representative of the Lessee

at all times during the Lessor's entry into or upon the Premises (except in the event of an emergency, in which case it shall promptly notify the Lessee). The Lessee shall not obstruct any pipes, conduits, ducts, mechanical shafts or electrical equipment so as to prevent reasonable access thereto.

### **15.2 Purchaser or Potential Lessees**

During the twelve months preceding the expiry of the Term of the present Lease or of any renewal thereof, the Lessor may, during business hours, have the Premises visited by potential lessees and post the usual "For Rent" sign. During the Term of the present Lease or any renewal thereof the Lessor may, during business hours, have the Premises visited by potential purchasers and post the usual "For Sale" sign on the Premises. The Lessee hereby agrees to tolerate such signs.

### **15.3 Lessor's covenant for Quiet Enjoyment**

The Lessee may, subject to the terms and conditions of this Lease, peaceably possess and enjoy the Premises throughout the Term.

## **16. RESPECT FOR THE LAW AND COMPENSATION**

### **16.1 Respect by the Lessee of Laws and Regulations**

The Lessee shall, with due diligence and at its own expense, conform to the laws, rules, ordinances, orders and regulations in force of municipal, provincial and federal governments, and of all departments, commissions and agencies of these governments, as the case may be, and of any other governmental authority exercising any jurisdiction whatsoever over the Premises, the Lessee's Equipment or accessories installed therein, the occupation of the Premises by the Lessee or the operations of the Lessee in the Premises, save for modifications, alterations or changes of or to the Premises which fall within the scope of the Lessor's repair and replacement obligations under Section 13.2 (excluding for greater certainty such modifications, alterations, changes, repairs and replacements related to Lessee's Equipment).

### **16.2 Respect by the Lessor of Laws and Regulations**

The Lessor shall, with due diligence and at its own expense, conform to the laws, rules, ordinances, orders and regulations in force of municipal, provincial and federal governments, and of all departments, commissions and agencies of these governments, as the case may be, and of any other governmental authority exercising any jurisdiction whatsoever over the Land/Building, subject to (i) the terms provided for in Section 16.1, (ii) modifications, alterations or changes to the Lessee's Equipment which shall be the Lessee's responsibility and (iii) to any negligent act or omission or any fault or default or willful misconduct of the Lessee, or any of its employees, agents, licensees, invitees or contractors.

## **17. ENVIRONMENT**

### **17.1 Definitions**

For the purpose of this Section 17, the following terms have the following meaning:

**"Environmental Laws"**: means all applicable federal, provincial and municipal laws, rules, regulations, by-laws, notices, orders, judgments, policies, directions, guidelines, permits, licenses, authorizations, certificates, decrees, registrations, contracts and other similar instruments of all governmental authorities relating to environment, public health and safety matters, pollution, Hazardous Substances or the protection of the environment, including civil responsibility for acts or omissions with respect to the environment.

**"Hazardous Substances"** means any waste or other substance or material that is regulated, prohibited, listed, defined, designated or classified as, or otherwise determined to be, dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any Environmental Laws.

## 17.2 Lessor Covenants

Notwithstanding any other provision of this Lease, the Lessee assumes no responsibility and has no obligation with respect to, and the Lessor shall indemnify and save harmless the Lessee, its officers, directors, employees and agents/representatives (the "**Lessee Indemnified Parties**") from any Damages the Lessee Indemnified Parties may suffer or incur, arising out of or in any way connected with any breach or violation of Environmental Laws or concerning any Hazardous Substances or other environment condition affecting the Premises and existing in whole or in part on or prior to the Commencement Date, whether or not known at such time, and for any Hazardous Substances or environmental condition caused directly or indirectly by the Lessor, any third party or migrating from a neighboring property, after the Commencement Date, including any failure by Lessor, or its officers, directors, employees or agents/representatives to comply with Environmental Laws. These provisions shall survive the expiry or earlier termination of the Lease.

## 17.3 Lessee Covenants

The Lessee hereby declares and agrees as follows:

- (a) that all property and equipment installed in the Premises or on the Land by the Lessee during the Term shall comply with Environmental Laws;
- (b) that all activities carried on in the Premises by the Lessee and those for whom it is at law responsible during the Term shall conform to all laws respecting the environment, including with respect to its use, storage, handling or release of Hazardous Substances;
- (c) immediately following obtaining knowledge of any discharge, disposal, dumping, dispersion or release at the Premises, during the Term, by the Lessee or any person for whom it is at law responsible, of any Hazardous Substances in violation of Environmental Laws ("**Lessee Contamination**"), the Lessee shall, at its expense, (i) promptly notify the Lessor of such Lessee Contamination, and (ii) remediate such Lessee Contamination in compliance with Environmental Laws.

The Lessee undertakes and covenants to indemnify the Lessor in respect of all damages, expenses, fees and losses which the Lessor may incur, including any judgments, whether civil or criminal, which may be handed against the Lessor as a result of complaints, investigations or other steps taken concerning the acts or omissions of the Lessee or its representatives in violation of Environmental Laws.

If Lessee changes the use of the Premises, it undertakes to conduct at the expiry or earlier termination of the Lease, at its sole cost and expense, all environmental site assessments of the Premises required pursuant to Environmental Laws, in accordance with applicable Environmental Laws, and deliver to the Lessor copies of the report of such environmental site assessments together with a reliance letter, which shall be satisfactory to the Lessor, acting reasonably. Should any of such reports demonstrate the presence of Hazardous Substances exceeding applicable standards pursuant to Environmental Laws which constitutes Lessee Contamination, the Lessee shall promptly and diligently hire a reputable environmental consulting firm approved by the Lessor, acting reasonably, to perform the rehabilitation of the Lessee Contamination at the Premises at the Lessee's sole cost and expense, in compliance with Environmental Laws, in order to achieve compliance with applicable standards for a commercial or industrial use of the Premises, and deliver to the Lessor a copy of the rehabilitation report together with a reliance letter, which report and letter shall be satisfactory to the Lessor, acting reasonably. Such rehabilitation shall be performed promptly and diligently and shall include the repair of any damages caused to the Premises or to Lessor's assets, property or improvements to the Premises.

These provisions shall survive the expiry or earlier termination of the Lease.

## **18. OBLIGATIONS OF THE LESSEE**

### **18.1 Additional Obligations of the Lessee**

In addition to the obligations already assumed in virtue of the present Lease, the Lessee hereby undertakes to:

- (a) pay the Rent herein stipulated;
- (b) see that the appropriate maintenance and upkeep is done and to keep the Premises in accordance with Section 13.1;
- (c) not require the recordation of the present Lease other than by notice, at its own expense. The notice shall not contain any monetary clause;
- (d) do nothing which may constitute a nuisance to the rights of the Lessor;
- (e) see that its use of energy does not exceed the capacity of all equipment and systems to supply energy to the Premises and to assume all costs in heating, air conditioning, gas and electricity regarding the Premises; and
- (f) To pay for utility expenses in accordance with Section 7.2.

## **19. EMINENT DOMAIN**

If all or any part of the Premises shall be taken for any public or quasi-public use under any governmental law, ordinance, or regulation or by right of eminent domain or shall be sold to the condemning authority under threat of condemnation so that, in the judgment of either party, the Premises can no longer be economically used for the purpose of the Lessee, such party shall have the right to elect to (i) terminate this Lease by providing the other party with written notice of such termination at any time following such taking without the Lessor incurring any additional duty or obligation towards the Lessee and without the Lessee being entitled to any remedy against the Lessor for the value represented by the unexpired Term of the Lease and any other damages suffered by the Lessee, the latter, however, no longer being required to pay the Rent as of the date of such taking.

Lessor and Lessee each be entitled to receive such separate awards and portions of lump-sum awards as may be allocated to their respective interests in any condemnation proceedings. The termination of this Lease shall not affect the rights of the respective parties to those awards.

## **20. ESTOPPEL**

### **20.1 Certification of the Validity of the Lease**

At any time and from time to time during the Term of the present Lease and within ten (10) days following a written request of one party to the other to this effect, the other party shall sign and remit to any designated person a certificate which may indicate, amongst others:

- (a) that the present Lease has been validly signed with the requisite formalities;
- (b) that the present Lease has not been altered and that it is fully enforceable;
- (c) the Commencement Date of the Lease and its date of expiry;
- (d) the date on which the Rent has been paid;

- (e) that the other party is not presently in default under the Lease and that there is no actual or alleged infraction on the part of one or other of the parties hereto; in the affirmative, the certificate must specify the nature and extent of such infractions;
- (f) that no Rent has been paid more than thirty (30) days before its due date; and
- (g) that to its knowledge the Premises are free from any defect of construction.

## **21. INFRACTIONS**

### **21.1 Events of Default**

The Lessee contravenes the provisions of this Lease and incurs the penalties stipulated herein, in addition to the penalties provided by the laws in force:

- (a) should the Lessee be in default in the payment of Rent or any other sum due under this Lease, as and when the same becomes due unless such default is cured within five (5) days of a written notice to the Lessee or upon the occurrence of three (3) or more instances of late payments by the Lessee, in which event no further notice will be required in order for such default to be considered an event of default hereunder;
- (b) should any writ of execution be taken out against the goods or property of the Lessee (which is not being contested in good faith by the Lessee and within a reasonable delay);
- (c) should it become insolvent, make a general assignment of its assets in favour of its creditors, become bankrupt or liquidate its affairs, or take advantage of any law relating to insolvency or bankruptcy, or should a sequestrator or trustee be appointed to take over the property of the Lessee or part thereof, or should any action be taken against the Lessee following a judgment or in conformity with the provisions of the Lease;
- (d) should an application, motion, certificate or ordinance be taken or be granted for the liquidation or dissolution of the property of the Lessee, whether this be voluntary or not;
- (e) should the Premises become vacant at any time during the Term of the Lease because of the abandonment thereof by the Lessee or following its expulsion by judicial proceedings taken for non-payment of rent, violation of an undertaking or for any other cause;
- (f) should the Lessee fail, within fifteen (15) days following written notice from the Lessor, to rectify any infraction in the observance or execution of one or other of the non-monetary undertakings, provisions, stipulations and conditions contained in the present Lease or should the Lessee or one of its agents falsify a statement to be provided to the Lessor;
- (g) should an insurance policy taken out for the Premises, the Land, the Building, the Lessee or the Lessor be cancelled or threatened with cancellation because of the use and occupancy of the Premises or part thereof by the Lessee;
- (h) should the Lessee fail to respect the provisions of these presents concerning assignment or sub-lease; and
- (i) should the Premises be used by any other person or for purposes other than those provided for in the present Lease without the written consent of the Lessor.

#### **21.2 Right of the Lessor to Put an End to the Lease**

In case of a default on the part of the Lessee, as specified in the Section 21.1, the Lessor may, at its option, give written notice to the Lessee of its intention to put an end to the Lease and the Term of the Lease will expire (i) from the tenth (10<sup>th</sup>) day of the date of the notice, in the case of any failure to pay the Rent or other amounts owing, or (ii) from the twentieth (20<sup>th</sup>) day of the date of the notice thus given in any other cases of default, just as if such tenth (10<sup>th</sup>) or twentieth (20<sup>th</sup>) day were the date indicated for the expiry of the Term of the Lease. Such termination shall be binding to the same extent as the expiry date of the Lease, without it being necessary to initiate legal proceedings.

#### **21.3 Obligation for the Lessee to no Longer Occupy the Premises**

In the event that the Lease has come to an end in accordance with the provisions of the present Section 21, the Lessee shall abandon the Premises or, if it has not yet taken possession thereof, renounce to its right to occupy same. The Lessor, its agents and employees may, without delay and at any time thereafter, take back possession of the Premises, evict the Lessee and any other person from the Premises and remove all the property found therein; such property may be taken away and stored in a public warehouse or elsewhere at the Lessee's expense, the whole without notice or recourse to judicial proceedings, and the Lessor shall not be held liable for having entered the Premises without permission nor for loss or damage resulting therefrom.

#### **21.4 Amount Owing to the Lessor**

Should an event of default occur in accordance with this Lease, the Rent for the current month, all Rent in arrears which may exist and a lump sum by way of contractual damages equal to three (3) months of Rent (or until the expiry of the Term of the Lease if there are less than three (3) months remaining) shall become immediately due and payable, subject to the right of the Lessor to claim additional damages as a result of any harm suffered due to the default of the Lessee.

#### **21.5 Right to Cure Default**

Notwithstanding any contrary provision herein, should there be an event of default of the Lessee, the Lessor shall have the option to cure any such event of default and to claim from the Lessee all costs and fees resulting therefrom, plus administration fees of fifteen percent (15%), without limiting the other rights and remedies of the Lessor. All such amounts shall be payable upon mere request of the Lessor.

#### **21.6 Fees and Disbursements**

Should the Lessor be required to retain legal counsel or any other expert in order to enforce performance by the Lessee of any of its duties and obligations pursuant to this Lease, the Lessee undertakes and covenants to repay to the Lessor, upon request, all reasonable fees resulting therefrom, of any nature whatsoever, including legal, judicial and extrajudicial fees and disbursements, plus an indemnity equal to fifteen percent (15%) of all amounts that the Lessee owes to the Lessor. All such amounts shall be payable upon mere request of the Lessor.

### **22. NO RIGHT OF OWNERSHIP**

Nothing contained herein shall have the effect to making the present Lease a long term ground lease and no right of ownership by the Lessee shall be deemed to have been created under the terms of these presents.

### **23. CUMULATIVE RIGHTS**

All the rights and recourses of the Lessor are cumulative and not alternative.

## **24. OTHER CONDITIONS**

### **24.1 Real Estate Broker**

The Lessee hereby warrants that no real estate agent or broker has negotiated or participated in the negotiations and conclusion of this Lease. The Lessee hereby undertakes to pay the commissions due to any agents working for it.

## **25. RENUNCIATION**

### **25.1 Renunciation or Amendment**

Any renunciation or amendment to the terms and conditions of the Lease may be effected only in writing.

### **25.2 Failure by the Lessor to Require the Respecting of Any Condition**

The failure by the Lessor to insist that the Lessee conform to any provision or condition of the Lease or its failure to avail itself of any right granted to it in virtue of these presents shall not constitute a renunciation to such provision, condition or right in virtue of this Lease, nor an abandonment thereof, and they shall always retain their full force and effect.

### **25.3 Acceptance of Payment of the Rent made by another person than the Lessee**

The Lessee, and any other person claiming to be a sub-lessee or assignee of the Lessee, hereby agrees that acceptance of the payment of the Rent made by any person other than the Lessee shall not constitute an acknowledgment of rights other than those which have been granted under the terms of these presents, nor a renunciation to any of the Lessor's rights, nor an admission that such person is deemed to be a sub-lessee or an assignee of the present Lease, regardless of whether or not the Lessee claims otherwise.

## **26. NOTICES AND DEMANDS**

### **26.1 Delivery of Notices by the Lessor**

Any notice given or demand made in accordance with the Lease, by the Lessor to the Lessee, shall be considered as having been duly given or duly made as soon as it has been delivered to the Lessee in person or left on the Premises or sent to the Lessee at the address of the Premises, or sent electronically to any other address which the Lessee may indicate in writing to the Lessor.

### **26.2 Delivery of Notices by the Lessee**

In the same manner, any notice given or demand made by the Lessee to the Lessor shall be considered as having been duly given or duly made as soon as it has been delivered to the Lessor in person or sent by mail to **[Redacted – Confidential Information]**, or sent electronically to any other address which the Lessor may indicate in writing to the Lessee.

### **26.3 Election of Domicile by the Lessee**

For purposes of delivery of any notice, legal proceedings or other legal documents relating to any law or proceedings, which the Lessor has taken against the Lessee, the latter elects domicile on the Premises.

## 27. RENEWAL

### 27.1 Holdover

There will be no tacit renewal of the present Lease. Should the Lessee have to remain in possession of the Premises after the expiration of the Lease or renewal thereof without the written consent of the Lessor, such prolonged occupancy will be subject to a monthly payment, payable in advance, equal to 1.5x the monthly payment of the Basic Rent for the last month of the Lease, without affecting the rights of the Lessor to retake possession of the Premises and to evict the Lessee therefrom without notice or indemnification to the latter, nor the other recourses which the Lessor may have under the terms of these presents or by law.

## 28. OPTION TO EXTEND

Provided that the Lessee has fulfilled all of its obligations and has advised the Lessor six (6) months prior to the expiry of the Lease (the "**Exercise Date**"), the Lessee may at its option prolong the present Lease for **[Redacted - Commercially Sensitive Information]** ("Extended Term"), on the same conditions, except that:

- (a) the Basic Rent payable **[Redacted – Commercially Sensitive Information]**

Within two (2) months of a request by the Lessee given at any time between eighteen (18) and twelve (12) months prior to the expiration of the Term or the applicable Extended Term, as appropriate, the Lessor shall advise the Lessee of the Lessor's opinion of the most probable fair market rental for the Premises for such Extended Term. If the parties have not agreed on the Basic Rent for the Extended Term by the Exercise Date, the Lessee may nevertheless exercise its right to extend as provided herein, in which event either party may elect to have the fair market rental for the Premises determined by the following binding arbitration: (a) each of Lessor and Lessee shall appoint an independent qualified appraiser holding MAI designations with at least five (5) years of experience in the market and area of the Premises to determine the Market Adjustment for a triple-net lease. If the proposed Market Adjustments are within five percent (5%) of each other, then the Market Adjustment shall be equal to the average of the two proposed Market Adjustments. If the proposed Market Adjustments are not within five percent (5%) of each other, within thirty (30) days after such failure to agree ("**Appraiser Selection Period**"), the two appraisers shall within fifteen (15) days designate a third qualified appraiser, who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two appraisers ("**Independent Appraiser**"), and the Independent Appraiser shall decide which of Lessor's or Lessee's submitted Market Adjustment is the closest to the actual fair market base rent using the criteria set forth in this Section, and the appraisers shall use whichever of submitted Market Adjustments is the closest, and shall notify Lessor and Lessee thereof. The decision of the Independent Appraiser shall be binding upon Lessor and Lessee, shall be in writing and shall be non-appealable, and counterpart copies thereof shall be delivered to Lessor and Lessee. All costs and fees of the appraisers hereunder and all other expenses of the proceedings hereunder, shall be borne equally by Lessor and Lessee, except that (i) all costs and expenses incurred by a party to retain its own attorneys, other independent consultants or expert witnesses in connection with the proceedings hereunder shall be borne by such party, and (ii) the party whose determination of Market Adjustment is not selected by the Independent Appraiser shall pay for the fees and expenses of the Independent Appraiser selected. As used herein, "Market Adjustment" shall adjust the Basic Rent to the fair market rental rate for a triple-net lease for similar properties located in the general area of the Premises.

## 29. FORCE MAJEURE

Save insofar as concerns the Lessee's obligations of a monetary nature, neither the Lessor nor the Lessee will be held liable for failure to execute any of its obligations under the terms of these presents, nor for damage or loss suffered by the other party if the failure to execute, damage or loss results from a case of force majeure, war, natural disaster, uprising, strike, lock-out, unenforceable event or other similar happening or from any state of emergency or cause which may reasonably be considered to be beyond the control of either party.

**30. GOVERNING LAW**

The validity, meaning and effect of this Lease shall be determined in accordance with the laws of the State of North Carolina. Words importing persons shall include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons. The terms "include," "including" and similar terms shall be construed as if followed by the phrase "without being limited to."

This Lease shall be governed by and construed in accordance with the laws of the State of North Carolina without regard to its conflict of laws principles. Each party irrevocably agrees that any legal action or proceeding arising out of or relating to this Lease shall be brought exclusively in the state or federal courts located in Davidson County, North Carolina. Each party hereby irrevocably submits to the exclusive jurisdiction of such courts for the purposes of any such action or proceeding.

**31. INTERPRETATION**

**31.1 Interpretation**

Whenever several persons or companies are mentioned as lessees, they are jointly and severally liable to fulfil all the obligations contracted by the Lessee under the terms of these presents. In the same manner, the singular shall include the plural and the masculine, the feminine or neuter, or vice-versa, as the case may be.

**32. HEADINGS**

**32.1 Headings**

The headings used in the present Lease shall serve only to facilitate the understanding of the text and shall not be considered as forming part thereof nor serve to interpret the Lease.

**33. LANGUAGE**

**33.1 Mutual Agreement**

Each party confirms that the essential stipulations of this Lease were freely negotiated, that no essential stipulation hereof was imposed to it and that this Lease is entered into by mutual agreement. *Chaque partie confirme que les stipulations essentielles de ce bail ont été négociées librement, qu'aucune stipulation essentielle des présentes ne lui a été imposée et que ce bail est conclu de gré à gré.*

**33.2 Language**

The parties hereto expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only.

**34. SUCCESSORS AND REPRESENTATIVES**

**34.1 Successors and Representatives**

The present Lease is for the benefit of the parties, their heirs, administrators, successors and representatives and binds them. This Section must nevertheless not be interpreted as permitting the Lessee to sub-let the Premises or to assign or transfer its rights in virtue of this Lease, save as stipulated and permitted under this Lease.

***[Signatures on the next page]***

**SIGNED** as of the first date above written.

By: \_\_\_\_\_  
**Picou Sou Abbandonato**

**IMAFLEX USA, INC.**

By: \_\_\_\_\_  
**Bradley Herbolzheimer, Authorized Signatory**

**SCHEDULE A – LAND**

Street      Address:      1201      Unity      Street,      Thomasville,      North      Carolina  
Legal Description: [REDACTED]<sup>1</sup>

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<sup>1</sup> To be completed.