



Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi canadienne sur les sociétés par actions

REDKNEE SOLUTIONS INC.

Corporate name / Dénomination sociale

665075-9

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 178 of the *Canada Business Corporations Act* as set out in the attached articles of amendment.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 178 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes.

Virginie Ethier

Director / Directeur

2017-01-25

Date of Amendment (YYYY-MM-DD)

Date de modification (AAAA-MM-JJ)



Form 4

Articles of Amendment

*Canada Business Corporations Act
(CBCA) (s. 27 or 177)*

Formulaire 4

Clauses modificatrices

*Loi canadienne sur les sociétés par
actions (LCSA) (art. 27 ou 177)*

1 Corporate name
Dénomination sociale
REDKNEE SOLUTIONS INC.

2 Corporation number
Numéro de la société
665075-9

3 The articles are amended as follows
Les statuts sont modifiés de la façon suivante

See attached schedule / Voir l'annexe ci-jointe

4 Declaration: I certify that I am a director or an officer of the corporation.
Déclaration : J'atteste que je suis un administrateur ou un dirigeant de la société.

Original signed by / Original signé par
David Charron
David Charron
905-625-2943

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la LCSA. Il est à noter que la LCSA et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.

To create the first series of preferred shares of the Corporation consisting of up to 800,000 preferred shares which shall be designated as “Series A Preferred Shares”. In addition to the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class, the Series A Preferred Shares shall also have the following rights, privileges, restrictions and conditions set out in the Schedule below.

SCHEDULE

Terms of the Series A Preferred Shares

Number and Designation of and Rights, Privileges, Restrictions and Conditions Attaching to the Series A Preferred Shares

The first series of preferred shares of the Corporation (“**Preferred Shares**”) shall consist of up to 800,000 Preferred Shares which shall be designated as “Series A Preferred Shares” (hereinafter referred to as the “**Series A Shares**”) and which, in addition to the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

1. Dividends

1.1 Payment of Dividends

Holders of Series A Shares (the “**Holders**”) shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the directors of the Corporation, out of monies of the Corporation properly applicable to the payment of dividends, fixed, cumulative, preferential cash dividends (the “**Series A Dividends**”) payable quarterly on the last Business Day of March, June, September and December in each year (each, a “**Dividend Payment Date**”) at the rate of 10% per annum of the issue price per Series A Share (the “**Annual Dividend Rate**”) in U.S. dollars, by electronic funds transfer or cheque at par at any branch in Canada of the Corporation’s bankers for the time being or by any other reasonable means the Corporation deems desirable, provided that to the extent such dividends are not declared and paid, dividends shall accrue on each Series A Share at the Annual Dividend Rate in U.S. dollars and compound monthly at the rate of 10% per annum (the “**Accrued Series A Dividends**”).

1.2 Method of Payment

To the extent declared, the Corporation shall pay Series A Dividends (less any tax required to be deducted and withheld by the Corporation), except in the case of redemption in which case payment of Series A Dividends shall, subject to the provisions of Section 14, be paid on surrender of the certificate, if any, representing the Series A Shares to be redeemed, by electronic funds transfer or by sending to each Holder (in the manner provided for in Section 12) a cheque for such Series A Dividends payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders failing written instructions from them to the contrary or

in such other manner, not contrary to applicable law, as the Corporation shall reasonably determine. The making of such payment or the posting or delivery of such cheque on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation from the related dividends as aforesaid and remitted to the proper taxing authority) unless such cheque is not honoured when presented for payment. Subject to applicable law, dividends which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Corporation.

1.3 Dividend for Other than a Full Dividend Period

The Holders shall be entitled to receive, and the Corporation shall pay, if, as and when declared by the directors of the Corporation, out of monies of the Corporation properly applicable to the payment of dividends, Series A Dividends for any period which is more or less than a full Dividend Period, a dividend in an amount per Series A Share equal to the amount obtained (rounded to four decimal places) when the product of the Annual Dividend Rate and U.S.\$100.00 is multiplied by a fraction, the numerator of which is the number of calendar days in the relevant period (which shall include the first and exclude the last day of such period) and the denominator of which is the number of calendar days in the year in which such period falls.

2. Redemption at the Option of the Corporation

2.1 Corporation Redemption Price

The Corporation may, subject to the terms of any shares ranking prior to the Series A Shares and to applicable law, upon giving notice as hereinafter provided, at its option and without the consent of the Holders, redeem all, or from time to time any part, of the then outstanding Series A Shares by the payment of an amount in cash for each such Series A Share so redeemed, equal to the Liquidation Preference less any tax required to be deducted and withheld by the Corporation (the "**Corporation Redemption Price**").

2.2 Partial Redemption

If less than all of the then outstanding Series A Shares are at any time to be redeemed pursuant to Section 2.1, then the particular Series A Shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if the Series A Shares are at such time listed on a stock exchange, with the consent of the applicable stock exchange, in such other manner as the directors of the Corporation in their sole discretion may, by resolution, determine.

2.3 Method of Corporation Redemption

The Corporation shall give notice in writing, not less than 20 days nor more than 60 days prior to the date fixed for redemption of any Series A Shares, that it is redeeming Series A Shares pursuant to Section 2.1 to each person who at the date of giving such notice is the Holder of Series A Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent to each Holder of Series A Shares to be redeemed in the manner provided

for in Section 12. Such notice shall set out the number of such Series A Shares held by the person to whom it is addressed which are to be redeemed and the then applicable Corporation Redemption Price and shall also set out the date on which the redemption is to take place. On and after the date so specified for redemption, the Corporation shall pay or cause to be paid to the applicable Holders the then applicable Corporation Redemption Price (less any tax required to be deducted and withheld by the Corporation) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series A Shares so called for redemption, if any, subject to the provisions of Section 14. Such payment shall be made by electronic funds transfer or by cheque in the amount of the then applicable Corporation Redemption Price (less any tax required to be deducted and withheld by the Corporation) payable at par at any branch in Canada of the Corporation's bankers for the time being or by any other reasonable means that the Corporation deems desirable and the making of such payment or the delivery of such cheque in such amount shall be a full and complete discharge of the Corporation's obligation to pay the then applicable Corporation Redemption Price owed to the Holders of Series A Shares so called for redemption to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority) unless the cheque is not honoured when presented for payment. From and after the date specified in any such notice, the Series A Shares called for redemption shall cease to be entitled to Series A Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the then applicable Corporation Redemption Price therefor (less any tax required to be deducted and withheld by the Corporation), unless payment of the then applicable Corporation Redemption Price shall not be duly made by or on behalf of the Corporation. At any time after notice of redemption is given as aforesaid, the Corporation shall have the right to deposit the then applicable Corporation Redemption Price of any or all Series A Shares called for redemption (less any tax required to be deducted and withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, if any, subject to the provisions of Section 14. Upon such deposit or deposits being made, such shares shall be redeemed on the redemption date specified in the notice of redemption. After the Corporation has made a deposit as aforesaid with respect to the applicable Series A Shares, the Holders thereof shall not, from and after the redemption date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Corporation. Subject to applicable law, redemption monies that are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including monies held in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

3. Redemption at the Option of the Holder

3.1 Holder Redemption Price

The Holders may not redeem any of the Series A Shares prior to January 26, 2027. On and after January 26, 2027, the Holders may upon giving notice as hereinafter provided, require the Corporation to redeem, subject applicable law, all, or from time to time any part, of the then outstanding Series A Shares for the payment of an amount in cash for each such Series A Share so redeemed equal to the Liquidation Preference less any tax required to be deducted and withheld by the Corporation (the “**Holder Redemption Price**”).

3.2 Method of Holder Redemption

In the case of a redemption pursuant to Section 3.1, the Holder shall give notice in writing, (the “**Holder Redemption Notice**”) requiring the Corporation to redeem that number of Series A Shares set forth on such notice and setting out the date on which such redemption is to take place (the “**Holder Redemption Date**”); provided that, unless the Corporation otherwise agrees, the Holder Redemption Date set forth in the Holder Redemption Notice may not be less than 60 days nor more than 90 days after the date on which the Holder Redemption Notice is sent to the Corporation. On and after the Holder Redemption Date, the Corporation shall pay or cause to be paid to the applicable Holders the Holder Redemption Price (less any tax required to be deducted and withheld by the Corporation) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series A Shares so called for redemption, if any, subject to the provisions of Section 14. Such payment shall be made by electronic funds transfer or by cheque in the amount of the Holder Redemption Price (less any tax required to be deducted and withheld by the Corporation) payable at par at any branch in Canada of the Corporation’s bankers for the time being or by any other reasonable means that the Corporation deems desirable and the making of such payment or the delivery of such cheque in such amount shall be a full and complete discharge of the Corporation’s obligation to pay the Holder Redemption Price owed to the Holders of Series A Shares so called for redemption to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority) unless the cheque is not honoured when presented for payment.

4. Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series A Shares, the Holders shall be entitled to payment of an amount equal to U.S.\$100.00 per Series A Share, plus an amount equal to all unpaid Accrued Series A Dividends up to, but excluding, the date of payment or distribution (collectively, the “**Liquidation Preference**”), less any tax required to be deducted and withheld by the Corporation, before any amount is paid or any assets of the Corporation distributed to the holders of any shares ranking junior as to capital to the Series A Shares. Upon payment of such amounts, the Holders shall not be entitled to share in any further distribution of the assets of the Corporation.

5. Change of Control

5.1 Change of Control Payment

In connection with a Change of Control, subject to the terms of any shares ranking prior to the Series A Shares and to applicable law, the Corporation shall have the right, without the consent of any Holder, to require that the Series A Shares held by any Holder be purchased or otherwise acquired from the Holder pursuant to an agreement entered into by the Corporation with the purchaser pursuant to the transaction giving rise to the Change in Control or such other person as determined appropriate by the Corporation (any such person, a “**Buyer**”) for the aggregate sum of the then applicable Corporation Redemption Price and the Make-Whole Payment (collectively, the “**Change of Control Payment**”) payable by the Buyer to the Holder upon the occurrence of the Change of Control. Each Holder shall, without any further consent, be deemed to have appointed the secretary of the Corporation as their agent and attorney with full power of substitution to act on their behalf with power and authority in their name, place and stead for the purposes of accepting, approving and completing, and executing and delivering all documents, resolutions, consents and instruments necessary to give effect to the consummation of any transaction contemplated by the preceding sentence. Such power of attorney is a deemed to be a continuing power of attorney, coupled with an interest and irrevocable, and the authority given thereunder may be exercised, notwithstanding the insolvency, bankruptcy, dissolution or winding-up of a Holder, if applicable.

5.2 Procedure on Change of Control

The Corporation shall give notice in writing (an “**Acquisition Notice**”), not less than 10 days nor more than 60 days prior to the date contemplated for completion of a Change of Control that the Series A Shares are being acquired pursuant to Section 5.1 to each person who at the date of giving such notice is the Holder of Series A Shares to be acquired. Any such Acquisition Notice shall be validly and effectively given on the date on which it is sent to each Holder of Series A Shares to be acquired in the manner provided for in Section 12. Such Acquisition Notice shall set out the number of such Series A Shares held by the person to whom it is addressed, shall state that such Series A Shares are to be acquired, shall set out the Change of Control Payment and shall also state the date contemplated for completion of a Change of Control on which the acquisition is to take place. Upon completion of the Change of Control, the Buyer shall pay or cause to be paid to the applicable Holders the Change of Control Payment (less any tax required to be deducted and withheld by the Buyer) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for the Series A Shares, subject to the provisions of Section 14. Such payment shall be made by electronic funds transfer or by cheque in the amount of the Change of Control Payment (less any tax required to be deducted and withheld by the Buyer) payable at par at any branch in Canada of the Buyer’s bankers for the time being or by any other reasonable means that the Buyer deems desirable and the making of such payment or the delivery of such cheque in such amount shall be a full and complete discharge of the Buyer’s obligation to pay the Change of Control Payment owed to the Holder of Series A Shares to be acquired to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Buyer and remitted to the proper taxing authority) unless the cheque is not honoured when presented for payment. From and after the date of completion of a Change of Control, the Series

A Shares shall cease to be entitled to Series A Dividends and the Holder thereof to be so acquired shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Change of Control Payment therefor (less any tax required to be deducted and withheld by the Buyer), unless payment of the Change of Control Payment shall not be duly made. At any time after an Acquisition Notice is given as aforesaid, the Buyer shall have the right to deposit the Change of Control Payment of any or all Series A Shares (less any tax required to be deducted and withheld by the Buyer), or such part thereof as at the time of deposit has not been claimed by the Holder entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective Holder of such shares, to be paid to the Holder respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, if any, subject to the provisions of Section 14. Upon such deposit or deposits being made, such shares shall be redeemed on the date of completion of a Change of Control. After the Buyer has made a deposit as aforesaid with respect to the applicable Series A Shares, the Holder thereof shall not, from and after the date of completion of a Change of Control, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holder thereof shall be limited to receiving the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Buyer. Subject to applicable law, redemption monies that are represented by a cheque which has not been presented to the Buyer's bankers for payment or that otherwise remain unclaimed (including monies held in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Buyer.

5.3 Redemption on Change of Control

In the event that the Corporation does not give an Acquisition Notice to a Holder, or that an Acquisition Notice is given to a Holder but a Change of Control Payment is not made, in each case in accordance with Section 5.2, subject to the terms of any shares ranking prior to the Series A Shares and to applicable law, the Corporation shall upon the occurrence of a Change of Control, without the consent of the Holder, redeem all of the then outstanding Series A Shares by the payment of an amount in cash for each such Series A Share so redeemed, equal to the then applicable Corporation Redemption Price, less any tax required to be deducted and withheld by the Corporation.

The Corporation shall give or shall be deemed to have given notice in writing, not less than 10 days nor more than 60 days prior to the date contemplated for completion of a Change of Control to such a Holder that it is redeeming Series A Shares pursuant to this Section 5.3 to each person who at the date of giving such notice is the Holder of Series A Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent to each Holder of Series A Shares to be redeemed in the manner provided for in Section 12. Such notice shall set out the number of such Series A Shares held by the person to whom it is addressed, shall state that such Series A Shares are to be redeemed, shall set out the then applicable Corporation Redemption Price and shall also state the date contemplated for completion of a Change of Control on which the redemption is to take place. Upon completion of the Change of Control, the Corporation shall pay or cause to be paid to the applicable Holder the then applicable Corporation Redemption Price (less any tax required to be deducted and withheld by the Corporation) on presentation and surrender, at any place within Canada designated by such

notice, of the certificate or certificates for the Series A Shares, subject to the provisions of Section 14. Such payment shall be made by electronic funds transfer or by cheque in the amount of the then applicable Corporation Redemption Price (less any tax required to be deducted and withheld by the Corporation) payable at par at any branch in Canada of the Corporation's bankers for the time being or by any other reasonable means that the Corporation deems desirable and the making of such payment or the delivery of such cheque in such amount shall be a full and complete discharge of the Corporation's obligation to pay the then applicable Corporation Redemption Price owed to the Holder of Series A Shares to be redeemed to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority) unless the cheque is not honoured when presented for payment. From and after the date of completion of a Change of Control, the Series A Shares shall cease to be entitled to Series A Dividends and the Holder thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the then applicable Corporation Redemption Price therefor (less any tax required to be deducted and withheld by the Corporation), unless payment of the then applicable Corporation Redemption Price shall not be duly made by or on behalf of the Corporation. At any time after notice is given as aforesaid, the Corporation shall have the right to deposit the then applicable Corporation Redemption Price of any or all Series A Shares (less any tax required to be deducted and withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the Holder entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective Holder of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, if any, subject to the provisions of Section 14. Upon such deposit or deposits being made, such shares shall be redeemed on the date of completion of a Change of Control. After the Corporation has made a deposit as aforesaid with respect to the applicable Series A Shares, the Holder thereof shall not, from and after the date of completion of a Change of Control, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holder thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Corporation. Subject to applicable law, redemption monies that are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including monies held in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

6. Voting Rights

The Holders will not be entitled (except as otherwise provided in Section 8, by law or for meetings of the holders of Preferred Shares as a class and meetings of the Holders as a series) to receive notice of, attend, or vote at any meeting of shareholders of the Corporation.

7. Limitations on Right to Class/Series Vote

Subject to applicable law, Holders will not be entitled to vote separately as a class or series on a proposal to amend the Articles of the Corporation to (a) increase or decrease any maximum number of authorized shares of a class or series having rights or privileges equal to or

superior to the Series A Shares or (b) create a new class or series of shares equal or superior to the Series A Shares.

8. Board of Directors

8.1 Preferred Directors

Subject to Section 8.4, for so long as any Series A Shares are outstanding, the Holders shall be entitled to nominate a number of individuals for election as directors of the Corporation that is equal to a majority of the total number of directors of the Corporation immediately following their election and to elect such nominees as directors of the Corporation at an annual meeting of the Holders as a series at which only Holders are entitled to vote to be held on an annual basis on the Business Day after the date of the annual meeting of holders of Common Shares. The directors of the Corporation nominated and elected in accordance with the preceding sentence or appointed in accordance with Section 8.2 are collectively referred to as the “**Preferred Directors**”.

8.2 Vacancies

Subject to Section 8.4, for so long as any Series A Shares are outstanding, in the case of any vacancy in the office of a Preferred Director as a result of the resignation, death or removal of any of such directors or otherwise, a successor shall be appointed as a director of the Corporation to hold office for the unexpired term of such Preferred Director by the Holders at a special meeting of the Holders as a series at which only Holders are entitled to vote.

8.3 Immediate Effect

Immediately upon the appointment or election of a Preferred Director as provided in this Section 8, without any further action required on the part of any person (including the Board or the Corporation), such Preferred Director shall be deemed to be a Board director for all purposes.

8.4 Preferred Director Nominees

Prior to exercising the right to nominate or appoint a Preferred Director pursuant to Section 8.1 or 8.2, the Holders shall present to the Independent Directors a proposed candidate for each Preferred Director that they are so entitled to nominate or appoint. Each such candidate shall: (i) satisfy the applicable requirements of the CBCA and the Toronto Stock Exchange relating to qualification to serve as a director; and (ii) not have an occupation, directorship or relationship with, or ownership interest in, a business that competes directly with the business of the Corporation and its subsidiaries. Within two Business Days after the Holders present their proposed candidate for a Preferred Director position, the Independent Directors shall, acting reasonably, be entitled to reject such candidate as a candidate for such Preferred Director position. If such first proposed candidate is rejected by the Independent Directors, the Holders shall then present to the Independent Directors a second proposed candidate for such Preferred Director position. Within two Business Days after the Holders present such second proposed candidate for the Preferred Director position, the Independent Directors shall, acting reasonably, be entitled to reject such candidate as a candidate for such Preferred Director position. If such second proposed candidate is rejected by the Independent Directors, the Holders shall present to

the Independent Directors a third proposed candidate for such Preferred Director position. Within two Business Days after the Holders present their third proposed candidate for such Preferred Director position, the Independent Directors shall be required to select, at their sole discretion, a Preferred Director, from the first, second and third candidates proposed for such Preferred Director position; provided, however that if the Independent Directors do not act within any such two Business Day period, they shall forfeit such right to reject a candidate and the then proposed candidate shall be nominated by the Holders for election, or appointed, to the Board to fill any vacancy, at the next annual meeting of the Holders as a series at which only Holders are entitled to vote. For greater certainty, in no event without the prior consent of the Independent Directors shall the Holders present to the Independent Directors a proposed candidate for a Preferred Director position if such candidate has previously been rejected by the Independent Committee for any Preferred Director position.

8.5 Quorum

Subject to Section 8.6, the presence of a majority of directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board; provided that (i) if the Holders have exercised their rights to nominate and elect or appoint all Preferred Directors in accordance with Sections 8.1 and 8.2, a majority of directors present at such meeting are Preferred Directors and (ii) at least one Common Director is present at such meeting.

8.6 Voting Matters

Each Preferred Director shall have one vote on all matters submitted to the Board or any committee thereof. Notwithstanding the foregoing, the Preferred Directors shall not attend any part of a meeting of the Board during which the following matters are discussed and shall not vote on any resolution of the Board in respect of the following matters:

- (a) the exercise of the Corporation's rights pursuant to Section 5 or the redemption of the Series A Shares and any financing necessary to fund the redemption of the Series A Shares pursuant to Section 2; provided that any such financing shall be on terms more favourable, from a financial point of view, to the Corporation than the terms and conditions of the Preferred Shares, taking into account all financial, legal, regulatory and other aspects of such financing; and provided that in the event any such financing contemplates the issuance of Common Shares or Convertible Securities, the issue price or conversion price, as applicable, per security shall not be less than the Exercise Price as such term is defined in the Common Share purchase warrant issued to Wave Systems Corp. pursuant to the Subscription Agreement dated as of December 18, 2016 between the Corporation, Wave Systems Corp., and ESW Capital, LLC; and
- (b) any Change of Control transaction,

(together, the "**Independent Directors Matters**").

All of the Independent Directors shall be deemed to constitute a quorum for the purposes of a meeting, and voting on a resolution, regarding the Independent Directors Matters and any action

or resolution taken or approved by such directors in respect of Independent Directors Matters shall be an act or resolution of the Board.

9. Modifications

These Series A Share provisions may be repealed, altered, modified or amended from time to time with such approval as may then be required by the CBCA, any such approval to be given in accordance with Section 10.

10. Approval of Holders

10.1 Approval

Except as otherwise provided herein, any act or approval of the Holders with respect to any matters requiring the consent of the Holders, including for greater certainty the actions or approvals of the Holders referred to in Section 8.1, 8.2 and 8.4, may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders or passed by the affirmative vote of not less than (a) in the case of Section 8.1, 8.2 and 8.4, 51% and (b) otherwise, two-thirds, in each case of the votes cast by the Holders who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of at least 10% of the outstanding Series A Shares are present in person or represented by proxy. If at any such meeting a quorum is not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holder(s) of Series A Shares represented in person or by proxy may transact the business for which the meeting was originally called and the Holders represented in person or by proxy shall form the necessary quorum. At any meeting of Holders as a series, each Holder shall be entitled to one (1) vote in respect of each Series A Share held by such Holder.

10.2 Formalities, etc.

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of, and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders, each Holder entitled to vote thereat shall have one vote in respect of each Series A Share held by such Holder.

11. Tax Election

The Corporation will elect, in the manner and within the time provided under the Tax Act, under subsection 191.2(1) of Part VI.1 of the Tax Act, or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay or cause payment of tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series A Shares under section 187.2 of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect.

12. Communications with Holders

Except as specifically provided elsewhere in these Series A Share provisions, any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given, sent or made if delivered or if sent by first class unregistered mail, postage prepaid, to each Holder at the last address of such Holder as it appears on the securities register of the Corporation or, in the case of joint Holders, to the address of the Holder whose name appears first in the securities register of the Corporation as one of such joint Holders, or, in the event of the address of any of such Holders not so appearing, then to the last address of such Holder known to the Corporation. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tender or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such Holder or Holders.

If any notice, cheque, invitation for tenders or other communication from the Corporation given to a Holder is returned on three consecutive occasions because the Holder cannot be found, the Corporation shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such Holder until the Holder informs the Corporation in writing of such Holder's new address.

If the Corporation determines that mail service is or is threatened to be interrupted at the time when the Corporation is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder, whether in connection with the redemption of such share or otherwise, the Corporation may, notwithstanding the provisions hereof:

- (a) give such notice by publication thereof once in a daily English language newspaper of general circulation published in each of Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax, and once in a daily French language newspaper published in Montreal and such notice shall be deemed to have been validly given on the day next succeeding its publication in all of such cities; and
- (b) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such Holder by the Transfer Agent, and such cheque and/or share certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Corporation determines that mail service is no longer interrupted or threatened to be interrupted, such cheque or share certificate, if not theretofore delivered to such Holder, shall be sent by mail as herein provided.

Upon any transfer of the Series A Shares, the transferee shall provide notice in writing to the Corporation of its name and address, together with a representation as to whether it is or is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

Each Holder of Series A Shares will provide the Corporation with such information as the Corporation reasonably requests from time to time in order for the Corporation to determine whether any payment in respect of the Series A Shares is subject to withholding tax (or a reduction or exemption therefrom).

13. Interpretation

13.1 Definitions

For the purposes hereof, the following capitalized terms shall have the following meanings, unless the context otherwise requires:

“Accrued Series A Dividends” has the meaning attributed to it in Section 1.1.

“Annual Dividend Rate” has the meaning attributed to it in Section 1.1.

“Book-Entry Only System” means the record book-entry only securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

“Board” means the board of directors of the Corporation.

“Business Day” means any day, other than a Saturday, Sunday or statutory holiday, on which banks in Toronto, Ontario are open for commercial banking business;

“Buyer” has the meaning attributed to it in Section 5.1.

“CBCA” means the *Canada Business Corporations Act*, as amended or replaced from time to time.

“Change of Control” means, in relation to the Corporation: (a) a merger, amalgamation, plan of arrangement or other transaction or series of related transactions resulting in the combination of the Corporation with or into another entity, where the holders of common shares of the Corporation immediately prior to any such transaction, directly or indirectly, do not continue to hold more than a 50% voting interest in (i) the continuing or surviving entity immediately following such transaction, or (ii) if the continuing or surviving entity is a wholly owned subsidiary of another corporation immediately following such transaction, the parent corporation of such continuing or surviving entity; (b) the sale, lease, license, transfer or other disposition of all or substantially all of the Corporation’s assets (other than to an affiliate of the Corporation); or (c) a transaction, or series of related transactions, as a result of which any person or group of affiliated persons becomes the beneficial owner, directly or indirectly, of securities of the Corporation representing at least 50% of the total voting power represented by the Corporation’s then outstanding voting securities.

“Change of Control Payment” has the meaning attributed to it in Section 5.1.

“Convertible Securities” means any agreement, option, warrant, right or other security or conversion privilege issued or granted by the Corporation or any of its affiliates that is exercisable or convertible into, or exchangeable for, or otherwise carries the right of the holder to purchase or otherwise acquire common shares, including pursuant to one or more multiple exercises, conversions and/or exchanges.

“Common Directors” means the directors who are members on the Board who are not Preferred Directors.

“Corporation Redemption Price” has the meaning attributed to it in Section 2.1.

“Depository” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying or other depository carrying on the business as a depository, which is approved by the Corporation, acting reasonably.

“Dividend Payment Date” has the meaning attributed to it in Section 1.1.

“Dividend Period” means each period from and including the last calendar day (each, a **“Quarter End Date”**) of March, June, September and December in each year, to but excluding the next succeeding Quarter End Date.

“Holders” has the meaning attributed to it in Section 1.1.

“Holder Redemption Date” has the meaning attributed to it in Section 3.2.

“Holder Redemption Notice” has the meaning attributed to it in Section 3.2.

“Holder Redemption Price” has the meaning attributed to it in Section 3.1.

“in priority to”, “on a parity with” and “junior to” have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

“Independent Directors” means the Common Directors who are not the Chief Executive Officer.

“Independent Directors Matters” has the meaning attributed to it in Section 8.6.

“Issue Date” means the date on which Series A Shares are first issued.

“Liquidation Preference” has the meaning attributed to it in Section 4.

“Make-Whole Payment” means an amount equal to the excess, if any, of (i) the aggregate Canadian federal and provincial income tax that a Holder would be liable to pay solely as a result of the sale of the Series A Shares to the Buyer pursuant to the Change of Control, over (ii) the aggregate Canadian federal and provincial income tax

that a Holder would be liable to pay solely as a result of the redemption of the Series A Shares by the Corporation for the Corporation Redemption Price in connection with such Change of Control.

“Preferred Directors” has the meaning attributed to it in Section 8.1.

“Preferred Shares” has the meaning attributed to it in the introductory paragraph to these Series A Share provisions.

“Series A Dividends” has the meaning attributed to it in Section 1.1.

“Series A Shares” has the meaning attributed to it in the introductory paragraph to these Series A Share provisions.

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

“Transfer Agent” means Computershare Investor Services Inc., a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series A Shares.

13.2 Interpretation of Terms

In these Series A Share provisions:

- (a) in the event that any date on which any Series A Dividend is payable by the Corporation, or any date on or by which any other action is required to be taken or determination made by the Corporation or the Holders hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken or determination made, on the next succeeding day that is a Business Day;
- (b) in the event of the non-receipt of a cheque by a Holder entitled to the cheque, or the loss or destruction of the cheque, the Corporation, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Corporation, will issue to the Holder a replacement cheque for the amount of the original cheque;
- (c) the Corporation will be entitled to deduct or withhold from any amount payable to a Holder under these Series A Share provisions any amount required by law to be deducted or withheld from that payment and any reference herein to the Corporation deducting tax and remitting to a taxing authority shall be interpreted to include deducting any such amount required by law to be deducted or withheld and remitted to the applicable authorities;
- (d) reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute;

- (e) if it is necessary to convert any amount into Canadian dollars, the Corporation will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars; and
- (f) all references herein to a Holder shall be interpreted as referring to a registered Holder.

14. Book-Entry Only System

14.1 Transfers etc. Through Participants

If the Series A Shares are held through the Book-Entry Only System, then the beneficial owner thereof shall provide instructions with respect to Series A Shares only to the Depository participant through whom such beneficial owner holds such Series A Shares or otherwise through the Depository's systems and registrations of ownership, transfers, purchases, surrenders and exchanges of Series A Shares will be made only through the Book-Entry Only System. Beneficial owners of Series A Shares will not have the right to receive share certificates representing their ownership of the Series A Shares.

14.2 Depository is Registered Holder

For the purposes of these Series A Share provisions, as long as the Depository, or its nominee, is the registered Holder of the Series A Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series A Shares for the purpose of receiving notices or payments on or in respect of the Series A Shares, including payments of Series A Dividends, the Redemption Price or accrued and unpaid dividends.