CWB Franchise Finance

CANADIAN WESTERN BANK,
222 Argentia Rd., Plaza #1, Suite 300
Mississauga, Ontario, L5N 2R7

LOAN AND SECURITY AGREEMENT

CLIENT:	**AEGIS BRANDS INC.**	CONTACT:	Redacted - Personal Information
ADDRESS:	210 Shields Court, Markham, Ontario L3R 8V2	PHONE NUMBER: EMAIL:	[redacted]

MASTERLINE		**FINANCING RATE**	**INSTALMENTS**
Masterline Maximum	$28,000,000.00 CAD	Variable Rate: Prime Rate plus 2.75% per annum, calculated daily	Per Schedule "A" Provisions
Financing Fees:	0.35% of each Masterline Advance		

Collateral

All present and after-acquired personal property (as such term is defined in accordance with the applicable personal property laws in the jurisdiction where the personal property is located) of the Client, and the proceeds therefrom, all as more specifically described in this Agreement and the security agreement given by the Client to the Lender as contemplated by this Agreement.

ADDITIONAL PROVISIONS

Each of the following schedules are incorporated into and form an integral part of this Agreement:
Schedule "A" – Additional Provisions
Schedule "B" – Terms and Conditions
Schedule "C" – Request for Advance
Schedule "D" – Repayment Notice

In consideration of the Masterline made or to be made by Canadian Western Bank (the "***Lender***") to the Client in the amounts specified above, the receipt and/or availability of which the Client hereby acknowledges, the Client acknowledges itself indebted and promises to repay to the Lender the Obligations. The Client also acknowledges that it has agreed to grant to the Lender a security interest in the Collateral to secure repayment of the Obligations on the terms and conditions set forth above, all of which terms and conditions form part of this agreement (this "***Agreement***").

IN WITNESS WHEREOF, the parties hereto have executed this Loan and Security Agreement at Mississauga, Ontario this ~~1st~~ 8th day of December, 2021.

AEGIS BRANDS ~~INC.~~

("CLIENT")

By: (signed) "Steven Pelton"
Name: STEVEN PELTON
Title: PRESIDENT, CEO

By: (signed) "Melinda Lee"
Name: Melinda Lee
Title: CFO

SIGNATURE OF AUTHORIZED OFFICERS

CANADIAN WESTERN BANK

By: ______________________
Name:
Title:

By: ______________________
Name:
Title:

SIGNATURE OF AUTHORIZED OFFICERS

SCHEDULE A
ADDITIONAL PROVISIONS

This SCHEDULE A is an integral part of the LOAN AND SECURITY AGREEMENT executed at Mississauga, Ontario this 1st day of December 2021.

ARTICLE 1
GENERAL

1.1 **Terms and Conditions**. The following provisions are in addition to, and shall be deemed to form part of, the terms and conditions of this Agreement set out in Schedule "E" to the Agreement (the "***Terms and Conditions***"), all of which are incorporated and form part of the Agreement.

1.2 **Defined Terms**. Capitalized terms not defined herein shall have the meaning set forth in the Terms and Conditions or on the front page of this Agreement. In this Agreement, the following terms have the meanings ascribed thereto:

"***Advance***" means any advance made under the Masterline.

"***Advance Date***" means the date on which an Advance is disbursed.

"***Advance Accrued Interest***" has the meaning set forth in section 2.3 (c).

"***Advance Financing Rate***" shall mean a variable rate equal to Prime plus 2.75% per annum.

"***Advance Instalment(s)***" has the meaning set forth in section 2.3 (b).

"***Affiliate Agreement"*** has the meaning set forth in section 3.6 (b)

"***CAPEX Transaction***" has the meaning set forth in section 2.2 (b).

"***Consolidated EBITDA***" has the meaning set forth in section 3.2 (c).

"***Consolidated Funded Debt***" has the meaning set forth in section 3.2 (c).

"***Corporate Guarantor***" means the Bridgehead (2000) Inc. and any New Entity.

"***Covenant Parties***" means the Client.

"***Effective Date***" means the date on which this Agreement was signed.

"***GSA***" has the meaning set forth in section 1(b) of Schedule D.

"***Masterline***" means a committed, non-revolving loan facility, in the aggregate principal amount of up to $28,000,000.00 CAD.

"***Masterline Availability Period***" has the meaning set forth in section 2.2.

"***New Entity***" means any new legal entity to be formed which will be an Affiliate of the Client (each new entity a "**New Entity**" and collectively referred to as "***New Entities***").

"***Permitted Acquisition***" has the meaning set forth in the section 2.1 (a).

"***Post-Compensation Consolidated FCCR***" has the meaning set forth in the section 3.2 (b).

"***Pre-Compensation Consolidated FCCR***" has the meaning set forth in the section 3.2 (a).

"***Request***" has the meaning set forth in section 2.3 (a).

"***Sites***" means any present or future location subject to a financing by the Lender and any location where Client or Corporate Guarantor operates its business including, but not limiting the following Sites (each location a "Site" and collectively referred to as "Sites"):

1. Preston:	130 Anderson St., Ottawa, ON K1R 6T7 (This site includes ROASTER LOCATION)
2. Fairmont:	1024 Wellington St., Ottawa, ON K1Y 2X9
3. Wellington:	1277 Wellington St., Ottawa, ON K1Y 3A8
4. Elgin:	282 Elgin St., Ottawa, ON K2P 1M3
5. Iris:	2745 Iris St., Ottawa, ON K2C 3V5
6: Fairlawn:	2140 Carling Ave., Ottawa, ON K2A 1H1
7. Golden:	440 Richmond Rd., Ottawa, ON K2A 1H4
8. Second:	750 Bank St., Ottawa, ON K1S 3V6
9. Beechwood:	131 Beechwood, Ottawa, ON K1M 1L5
10. Grove:	1172 Bank St., Ottawa, ON K1S 3X9
11. Gilmour:	366 Bank St., Ottawa, ON K2P 1Y4
12. McRae:	317 McRae Ave., Ottawa, ON K1Z 8P4
13. Dalhousie:	224 Dalhousie Street, Ottawa, ON K1N 7E2
14. Sparks:	96 Sparks St., Ottawa, ON K1P 5B6
15. Rideau:	50 Rideau St., Unit E107C, Ottawa, ON K1N 9J7
16. Slater:	344 Slater St., Ottawa, ON K1R 7Y3
17. Albert:	109 Bank Street, Ottawa, ON K1P 5N5
18. O'Connor:	150 Slater St., Ottawa, ON K1P 5H6
19. Place Bell:	160 Elgin St., Ottawa, ON K2P 2C4
20. Trainyards Farm Boy:	830 Belfast Rd., Ottawa, ON, K1G 0Z1
21. Carleton University:	1125 Colonel By Dr., #2012 Nickle Building, Ottawa, ON K1S 5B6

"Terms And Conditions" has the meaning set forth in section 1.1 of the present agreement.

"***Term-Out Date***" has the meaning set forth in section 2.3 (a).

"***Term-Out Loan***" has the meaning set forth in section 2.3 (a).

1.3 **<u>Entire Agreement</u>**. This Agreement, including the related security documents, constitutes the entire agreement between Lender and Client with respect to the subject matter contained herein and supersedes all prior negotiations, undertakings, representations and understandings, whether written or oral, including any proposal letter.

ARTICLE 2
MASTERLINE TERMS

2.1 **<u>Purpose</u>**. The Masterline shall be used exclusively by Client for: (i) brand acquisitions, (ii) any renovation and capital expenditure projects on the aforementioned brand acquisitions, and (iii) to fund certain other permitted amounts (to the extent herein provided), in accordance with the terms of this Agreement.

(a) <u>Permitted Acquisitions.</u> Any brand acquisition must be approved by the Lender, in its sole discretion (each a "***Permitted Acquisition***") and any such acquisition must: (i) be a target business with a similar type of business as the Client; (ii) contribute positive Consolidated EBITDA for the Client and not be hostile; (iii) in the event that the proposed acquisition is a share purchase, ensure that the Client maintains a majority position in the target business. For clarity, the Client may acquire up to ONE HUNDRED percent (100%) of the voting shares but, in no case, less than FIFTY percent (50%) of the voting shares of the proposed business. For further clarity, the use of the Masterline for the acquisition of minority positions in a target business are expressly forbidden; and (iv) in the event that a proposed acquisition includes real property, be subject to a satisfactory environmental due diligence investigation.

(i) Any disbursement of an Advance under the Masterline for the purposes of a Permitted Acquisition shall be subject to the Lender's review and approval, in its sole discretion, and shall be conditional to the satisfaction of the conditions set out in section 2 of Schedule D.

(ii) In all cases, approved amount related to a Permitted Acquisition will be equivalent to [redacted]

(b) <u>CAPEX Transactions</u>. Following the closure of a Permitted Acquisition and the successfully on-boarding of the acquired brand, the Client may request an Advance for the purpose of renovating or otherwise improving a Site related to the acquisition (a "***CAPEX Transaction***").

(i) Any disbursement of an Advance under the Masterline for the purposes of a CAPEX Transaction shall be subject to the Lender's review and approval in its sole discretion and shall be conditional to the satisfaction of the conditions set out in section 3 of Schedule D.

(ii) In all cases, the approved amount related to a CAPEX Transaction shall not exceed [redacted]

2.2 **<u>Masterline Availability</u>**. From the Effective Date and upon satisfaction of the conditions precedent set out in section 1 Schedule D and subject to the terms and conditions contained in this Agreement, Lender agrees to make the Masterline available to Client for a period of THIRTY-SIX (36) months (the "***Masterline Availability Period***"). After the Masterline Availability Period, any undrawn portion of the Masterline shall no longer be available. Notwithstanding any other provision of this Agreement, the availability of any undrawn amounts under the Masterline shall, at the option of the Lender, be suspended or cancelled upon the occurrence of a Default. At all times the availability of unused portions of the Masterline will be reviewed annually. Lender agrees that the Masterline will not limit the Client's ability to seek additional financing from the Lender.

2.3 **<u>Funding.</u>**

(a) <u>Manner of Borrowing Masterline Advances</u>. Client shall give Lender at least ten (10) business days' notice by sending a request for advance of Masterline proceeds in the form attached hereto as Schedule B (the "***Request***"). Each Request shall be deemed to constitute a representation and warranty by Client that as at the date of the Request: (i) no Default or event that, with the lapse of time or the giving of notice or both, would constitute a Default, has occurred or is continuing and (ii) there has been no material change to the Client. This Request shall be accompanied by substantiation of the amount required to pay the purchase price of a Permitted Acquisition or the CAPEX Transaction. Subject to the conditions stated in this Agreement, and when required by Lender, upon receipt from Client of proof acceptable to Lender that such invoices were paid by Client, Lender will disburse the amounts set out in the Request to Client. Each Advance shall be termed out (each a "***Term-Out Loan***") on or prior to the earlier of (i) Completion of the applicable new build, expansion, acquisition or renovation project or (ii) the date that is [redacted] from the disbursement of the preceding Advance (or [redacted] from the first Advance in the case of a first Advance under the Masterline) (each a "***Term Out Date***"). Client agrees that all Advances made under the Masterline shall become cross-collateralized, cross-defaulted and cross-guaranteed with all existing and future indebtedness, including other Advances and other loan agreements with Client or any of the Guarantors. In addition, any new Site or New Entity acquired using any Advance made under the Masterline shall be included in the security package granted by Client to Lender and shall be secured by a guarantee and first-priority general security agreement, in a form acceptable to Lender.

(b) <u>Advance Financing Rate and Instalments prior to Term-Out Date</u>. Each Advance shall bear interest at the Advance Financing Rate from each Advance Date to its Term-Out Date. From the

Advance Date of each Advance to its Term-Out Date, each Advance Instalment, as defined below, shall consist of interest only payments payable monthly in arrears starting on the month following the disbursement of the Advance ("**Advance Instalment(s)**"). Unless otherwise agreed by the parties, the Advance Instalments are due each month on the same calendar day, which will be the same calendar day as the day that the Advance was disbursed. The Advance Instalment shall be payable to Lender by pre-authorized debit electronic fund transfer. The amount of the Advance Instalments for each Advance shall be determined by Lender on the date of disbursement of each Advance based on the Advance Financing Rate, subject to an adjustment calculated at the Term-Out Date commencing from the first Advance Instalment date, to reflect fluctuations in the Prime Rate.

For the purposes of the Advance(s), the following terms are amended as follows:

(i) the term "Instalments" provided in Section 1.1 (t) of Schedule "E" of this Agreement shall include the Advance Instalments;

(ii) the term "Financing Rate" provided in Section 1.1 (o) of Schedule "E" of this Agreement shall include the Advance Financing Rate.

(c) Payment of Advance as of the Term-Out Date. At each Term-Out Date, the amount of all then outstanding Advance principal balances shall be deemed to become one amortizing Term-Out Loan and be part of, without novation, the Masterline. The terms applicable to the Masterline shall apply to the Advances as if they were advanced to Client as part of the Masterline. If any, the outstanding accrued interest resulting from a Advance ("***Advance Accrued Interest***") shall be due and payable on its Term-Out Date. Client authorizes Lender to debit the Advance Accrued Interest from its banking account on the Term-Out Date. Client acknowledges that the Advance Accrued Interest forms part of the Obligations as defined hereunder. For clarification, the amount of each Advance shall not in any way increase the amount that Lender has agreed to make available to Client under the Masterline. Client shall pay on demand any amount outstanding in excess of the amount that Lender has agreed to make available to Client under the Masterline, including without limitation the Advance Accrued Interest, fees and expenses. Nothing herein shall be construed to require Lender to advance any funds to or on behalf of Client at any time, including on the Term-Out Date, if a Default or event that, with the lapse of time or the giving of notice or both, would constitute a Default, has occurred or is continuing.

(d) Acknowledgment of Receipt and Confirmation of Indebtedness. The receipt of the total amount that Lender has agreed to make available to Client under the Masterline and, as Lender may see fit, of each Advance shall be evidenced and acknowledged by Client in writing, in the form attached hereto as "Schedule C". Client hereby acknowledges and agrees that notwithstanding the foregoing, Lender's books and records in any form relating to this Agreement including as they may relate to any and all Obligations thereunder from time to time, shall constitute prima facie, conclusive evidence of all such Obligations.

(e) Security. The Collateral and all other security and guarantee agreements granted to Lender in relation to this Agreement is given as a general and continuing security for the payment and performance of the Obligations, including without limitation the Masterline Advances and the Masterline Term-Out Loans.

2.4 **Term, Instalments and Financed Amount Amortization**. The term for each Term-Out Loan shall end SIXTY (60) months as of its Term-Out Date. The instalments in respect of each Term-Out Loan (each a "***Term-Out Loan Instalments***") shall consist of FIFTY-NINE (59) monthly, consecutive and equal payments of blended principal and interest and one final balloon payment based on a ONE HUNDRED TWENTY (120) month amortization. The amount of each Instalment shall be determined by Lender on each Advance Date.

2.5 **Non-Revolving Nature of the Masterline**. The Masterline is a non-revolving credit facility and any repayments in whole or in part of the Masterline may not be re-borrowed or utilized again hereunder and shall not entitle Client to obtain further Advances in respect of such amounts repaid.

2.6 **Closing Fee**. Client shall pay to Lender at the Closing Date a non-refundable loan fee equivalent to [redacted] Redacted - Commercially Sensitive ("***Closing Fee***") at each Advance Date. The Lender may, at its discretion (i) request that the Client sign a sporadic preauthorization to debit form for the amount of the Closing Fee or any other fees owning to the Lender; and (ii) if the Client has provided a good faith deposit, Lender may retain and set-off the Closing Fee or any other amounts owing to the Lender against said good faith deposit.

2.7 **Conditions Precedent**. Prior to the any Advance, each of the following conditions precedent shall have been satisfied, at Client's sole cost and expense, all as determined by Lender in its sole discretion. Lender shall not be obliged to make any Advance hereunder unless it has received, in each case in form and substance satisfactory to it, each of the following conditions (or evidence thereof, as the case may be). All conditions precedent to the obligation of the Lender to make the Advance are stipulated solely for the benefit of the Lender and may be waived by the Lender, in whole or in part, at any time and in its sole discretion.

ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 **Financial Reporting**. Section 28 of the Terms and Conditions is amended by replacing the last two sentences with the following:

> "During the Term of the loan and within ONE HUNDRED TWENTY (**120)** days of the Client's fiscal year-end, the Covenant Parties are required to submit to CWB complete **audited** year-end financial statements. In addition, within FORTY FIVE (**45)** days of Client's quarter-end, the Covenant Parties are required to submit trailing-twelve-month ("***TTM***") **internally prepared** financial statements."

> For greater certainty, the remainder of Section 28 remains unchanged.

3.2 **Financial Covenants**. Commencing as of the Effective Date, the Covenant Parties shall comply with each of the following financial covenants:

(a) Pre-Compensation FCCR. As measured for the Covenant Parties on the last day of the Borrower's reporting period, the Covenant Parties must have a Pre-Compensation Consolidated FCCR equal to or greater than **1.30:1.0**. "***Pre-Compensation Consolidated FCCR***" means, with respect to the 12-month period of time immediately preceding the date of determination, the ratio, calculated for the Covenant Parties for such time period, each as determined in accordance with GAAP, of: (i) the sum of net income, interest expense, income taxes, depreciation, amortization, and operating lease expenses (rent expense), and officers' salaries expensed on the income statement, plus or minus other non-cash adjustments or non-recurring items (as allowed by Lender); to (ii) the sum of operating lease expenses (rent expense, not including common area maintenance or property taxes), principal payments on long term debt, the current portion of all capital leases, and interest expense (excluding non-cash interest expense and amortization of non-cash financing expenses).

(b) Post-Compensation FCCR. As measured for the Covenant Parties on the last day of the Borrower's reporting period, the Covenant Parties must have a Post-Compensation Consolidated FCCR equal to or greater than **1.10:1.0**. "***Post-Compensation Consolidated FCCR***" means, with respect to the 12-month period of time immediately preceding the date of determination, the ratio, calculated for the Covenant Parties for such time period, each as determined in accordance with GAAP, of: (i) the sum of net income, interest expense, income taxes, depreciation, amortization, and operating lease expenses (rent expense, not including common area maintenance or property taxes), plus or minus other noncash adjustments or non-recurring items (as allowed by Lender), minus increases in officer or shareholder loan receivables and minus dividends or distributions not otherwise expensed on the applicable income statement(s); to (ii) the sum of operating lease expenses (rent expense, not including common area maintenance or property taxes), principal payments on long term debt, the current portion of all capital leases, and interest expense (excluding non-cash interest expense and amortization of non-cash financing expenses).

(c) Senior Leverage. As measured for the Covenant Parties on the last day of the Borrower's reporting period, Consolidated Funded Debt to Consolidated EBITDA shall be equal to or less than 4.00:1.00 for the first 12 month following a Permitted Acquisition, reducing to 3:50:1.0 thereafter. "***Consolidated Funded Debt***" is defined as the outstanding principal balance of all indebtedness of the

Covenant Parties, including capital leases and the outstanding balances of any revolving lines of credit, as at the last day of the fiscal period being measured. "***Consolidated EBITDA***" is defined as the aggregate sum, for the 12-month period of time immediately preceding the last day of the fiscal period being measured, for the Covenant Parties, of all net income, interest expense, income taxes, depreciation, and amortization, but less non-recurring miscellaneous income and plus non-recurring miscellaneous expenses (as allowed by Lender), each as determined in accordance with GAAP.

3.3 **Management Agreements.** The Client hereby confirms that it shall promptly inform the Lender of any Management Agreement in place related to any sites or Permitted Acquisitions and deliver to Lender a fully executed, complete copy of said Management Agreement. Any Management Agreement must be approved by the Lender and may be conditional to the approval by the Lender of such manager and obtaining a subordination agreement from the manager or other arrangement satisfactory to the Lender.

3.4 **Franchise Agreements**. The following is added as subsection 11.3 of Schedule D - Terms and Conditions:

(a) The Client shall not, without the prior written consent of the Lender, grant or permit an assignment by the Client of any Franchise Agreement, nor grant, permit create or cause to be created, any lien, including hypothecs, in or on any Franchise Agreement.

For greater certainty, the remainder of Section 19 remains unchanged.

3.5 **Default**. The following is added at the end of section 19 of the Terms and Conditions:

(a) Shall also be considered a Default under this Agreement any Location Conversion that occurs without the prior written consent of the Lender

(b) a Default under this Agreement shall be deemed a default under all other present and future agreements entered into between the Client or any Affiliate of the Client (or the Covenant Parties) and Lender or any Affiliate, nominee or agent of Lender (an "**Affiliate Agreement**"), and a Default under the Affiliate Agreement shall be deemed a default under this Agreement.

For greater certainty, the remainder of Section 19 remains unchanged.

3.6 **Cross-Collaterization**. The security granted under the Agreement is given also to secure the payment and performance of any and all debts, obligations and liabilities of any kind or description whatsoever (whether due or to become due) of Client or any Affiliates of Client (or the Covenant Parties) to Lender under the Agreement and any Affiliate Agreement. This security shall be deemed to be a continuing security which will not be released or discharged in whole or in part until satisfaction in full of all such debts, obligations and liabilities under the Agreement.

SCHEDULE B
FORM OF ADVANCE REQUEST

This SCHEDULE B is an integral part of the LOAN AND SECURITY AGREEMENT executed at Mississauga, Ontario, this 1st of December 2021.

TO: **CANADIAN WESTERN BANK** (“**Lender**”)

FROM: **AEGIS BRANDS INC.** (“**Client**”)

RE: Loan and Security Agreement dated as of November __, 2021 between the Client and the Lender (as amended, modified, supplemented, restated, replaced or otherwise modified from time to time, the “**Loan Agreement**”)

This Advance Request is delivered to you pursuant to Schedule A of the Loan Agreement. All defined terms set forth in this Advance Request shall have the respective meanings set forth in the Loan Agreement.

1. Client hereby requests an Advance under the Loan Agreement as follows:
   (a) Date of Advance: ____
   (b) Amount of Advance: ____
2. Client confirms that as at the date of this Advance Request:
   (a) no Default or event that, with the lapse of time or the giving of notice or both, would constitute a Default has occurred and is continuing or will have occurred and be continuing on the applicable Advance Date, or will result from the Advance requested in this Advance Request;
   (b) the representations and warranties contained in the Loan Agreement and the other documents, instruments and agreements given in connection therewith are true and correct in every respect with the same effect as if such representations and warranties had been made on and as of the date of this Advance Request (provided that if any such representation or warranty expressly speaks only as of a specific date, such representation or warranty is true and correct only as of such date); and
   (c) the aggregate principal amount of all Advances under the Loan Agreement made by Lender as at the date of this Advance Request plus the principal amount of the Advance requested in this Advance Request is not greater than Cdn $ 28,000,000.00
3. Client confirms that there are no Liens in respect of the applicable existing Sites for which the proceeds of the Advance will be used.
4. All of the condition precedents to the Advance requested in this Advance Request, as specified in Schedule D of the Loan Agreement, have been satisfied including, but not limited to, those reports and documents described therein which are either attached as an Annex hereto or have been delivered separately to Lender.

DATED this ___ day of __________, 20__

AEGIS BRANDS INC.

Per: ____________________________
Name:
Title:

SCHEDULE C
ACKNOWLEDGMENT OF RECEIPT OF FINANCED AMOUNT

This SCHEDULE C is an integral part of the LOAN AND SECURITY AGREEMENT executed at Mississauga, Ontario this 1st day of December, 2021

ACKNOWLEDGEMENT OF RECEIPT OF FINANCED AMOUNT

TO: **CANADIAN WESTERN BANK** (“**Lender**”)

FROM: **AEGIS BRANDS INC.** (“**Client**”)

RE: **LOAN AND SECURITY AGREEMENT** dated as of _________________, 2021 between Client and Lender (as amended, modified, supplemented, restated, replaced or otherwise modified from time to time, the “**Loan Agreement**”)

Client acknowledges receipt of an amount of $ ____________ (the “**Financed Amount**”) as stated and in accordance with the Loan Agreement and acknowledged itself indebted and promises to repay the Lender the Financed Amount, together with interest and all other amounts owing in accordance with the terms and conditions of the Loan Agreement.

DATED this ___ **day of** ______________, **202__.**

AEGIS BRANDS INC.

Per: _________________________________
Name:
Title:

Per: _________________________________
Name:
Title:

CWB Franchise Finance

SCHEDULE D
CONDITIONS PRECEDENT

This SCHEDULE D is an integral part of the LOAN AND SECURITY AGREEMENT executed at Mississauga, Ontario, this 1st day of December 2021.

1. **General Conditions Precedent**

(a) Executed copy of the Loan and Security Agreement and all ancillary documents thereto (including certificates, resolutions, articles of incorporation, and opinions);

(b) Executed general security agreement ("***GSA***") creating a first priority lien on all present and after acquired personal property including any and all intellectual property, equipment used at or in connection with the Sites, as well as all improvements, additions, replacements and substitutions of the Equipment, and all proceeds thereof (including insurance proceeds), from Client and the Corporate Guarantors (and any control agreement with third party bank as required to perfect cash collateral security)

(c) Executed joint and several (solidarily for the Province of Quebec) guarantee and indemnity agreements from all Corporate Guarantors together with subordination of claims of each such party;

(d) Executed Assignment and Postponement of Creditor's Claims agreements from Client and each Corporate Guarantor;

(e) Receipt by Lender of fully executed, complete copies of the Franchise Agreements and all renewals, extensions and amendments, if applicable, with respect to each Site;

(f) Receipt by Lender of fully executed, complete copies of the Lease Agreements and all renewals, extensions and amendments, if applicable, with respect to each Site;

(g) Receipt by Lender of evidence that all insurance required by the present agreement has been obtained and is in full force and effect with respect to each Site;

(h) All debt between Client and Corporate Guarantors to be jointly and severally (solidarily for the Province of Quebec) cross-collateralized, cross-defaulted and cross-guaranteed;

(i) All fees required to be paid by Client;

(j) No Default has occurred;

(k) No Material Adverse Effect shall have occurred and be continuing on and as of the Advance Date, nor shall a requested Advance result in the occurrence of a Material Adverse Effect;

(l) Receipt of the Client's notice of assessment for the 2020 fiscal year confirming its account with the Canada Revenue Agency is current. In the event the aforementioned notice of assessment has a balance owing, Client to provide evidence that said amounts owing have been paid;

(m) Receipt of Corporate Guarantor's notice of assessment for the 2020 fiscal year confirming its account with the Canada Revenue Agency is current. In the event the aforementioned notice of assessment has a balance owing, Corporate Guarantor to provide evidence that said amounts owing have been paid;

(n) Any other document reasonably required by the Lender (or its solicitors).

2. **Conditions Precedent to a Permitted Acquisition**

The obligation of the Lender to approve a Permitted Acquisition is subject to the terms and conditions of this Agreement and are conditional upon satisfaction of the following conditions:

(a) Permitted Acquisitions' loan-to-market adjusted Consolidated EBITDA (including any cost synergies) to be confirmed by a quality of experience report or, if not available, the target business' latest accountant prepared fiscal year end financial statements with adjustments, if any, to Lenders' sole satisfaction and this after giving effect to the acquisition;

(b) Receipt by Lender of the proposed acquisition's financial statements for the last THREE (3) fiscal years;

(c) Receipt by Lender of a duly executed purchase and sale agreement. Such purchase and sale agreement is subject to Lender's review and approval, in its sole discretion;

(d) Receipt of a duly executed pledge of intellectual property and trademarks from any New Entity;

(e) Receipt by Lender of evidence that all insurance required by the present agreement has been obtained and is in full force and effect;

(f) Client shall have delivered to Lender such security agreements and other documents as Lender may require from the New Entity and from any other person having any interest in the acquired business, each in form and substance acceptable to Lender, granting to Lender a first priority lien on each new Site or New Entity and all related personal property, and all such documents and related financing statements shall have been properly filed or recorded in the appropriate governmental office. In addition, if the permitted acquisition contains real property, Client shall ensure that said real property is pledged to the Lender by way of a mortgage, demand debenture or hypothec;

(g) The purchase price of any Permitted Acquisition shall be substantiated and authorized by the Lender as part of its review process. Notwithstanding the aforementioned, the Lender reserves its right to engage a formal third-party valuation, if deemed necessary;

(h) Transaction cost add-backs related to the Permitted Acquisition shall be limited to Redacted - Commercially Sensitive Redacted - Commercially Sen. Any amounts exceeding Redact must be approved by the Lender, in its sole discretion

(i) Receipt by Lender of any assignment of leases with terms acceptable to Lender, if applicable;

(j) Any other document reasonably required by the Lender (or its solicitors).

3. <u>Conditions Precedent to a CAPEX Transaction</u>

The obligation of the Lender to make an Advance related to a Capex Transaction is subject to the terms and conditions of this Agreement and are conditional upon satisfaction of the following conditions:

(a) Lender must have approved the Permitted Transaction and all brand onboarding must be complete;

(b) Client shall deliver to Lender a cost budget and a profit and loss projection for the CAPEX Transaction, which are subject to Lender's review and approval

(c) Client shall have delivered to Lender and Lender shall have approved a fully executed, complete copy of the Lease Agreement (or, if applicable, an offer to lease);

(d) Client shall deliver to Lender invoices for any Advance requested along with proof of payment. For clarity, Lender shall reimburse all invoices once proof of payment is received.

(e) Receipt by Lender of evidence that all insurance required by the present agreement has been obtained and is in full force and effect;

(f) Any other document reasonably required by the Lender (or its solicitors).

SCHEDULE E
TERMS AND CONDITIONS

This SCHEDULE E is an integral part of the LOAN AND SECURITY AGREEMENT executed at Mississauga, Ontario, this 1st of December 2021.

1. Interpretation

1.1 For the purpose of this Agreement:

(a) "Accrued Liability" at any time means the amount equal to the sum of the Financed Amount, any Liquidated Damages and all other amounts then payable hereunder, including without limitation, any Overdue Payment and accrued interest.

(b) "Advance Date" means the business day on which the Advance is made by Lender to Client hereunder.

(c) "Affiliate" means in respect of a person, a person or persons that, directly or indirectly through one or more intermediaries, control, are controlled by, or are under common control with, such person.

(d) "Agreement" means this Loan Agreement and any applicable schedules hereto, unless the context otherwise requires, and "hereof", "herein", "hereby", "hereunder" and similar expressions refer to this Agreement.

(e) "business day" means a day when the office of Lender at the address stated on the face hereof is open for business dealings, but excludes Saturday, Sunday and any other day which is a statutory holiday in the province of Lender.

(f) "Claims" has the meaning assigned in Section 22.

(g) "Client" means the client of Lender stated on the face hereof and, in respect of any obligations regarding the Equipment, the Sites or other similar obligations, including all of the related obligations, covenants, undertaking, representations and warranties set out in Sections 4, 5, 6, 9, 14, 15, 17, 18, 19, 25, 26, and 27 the Covenant Parties (as defined in Schedule A).

(h) "Collateral" has the meaning assigned in Section 5.1.

(i) "control" means the power to direct or cause the direction of the management and policies of a person whether through the ownership of voting securities or otherwise.

(j) "Conversion Rate" means the rate, expressed in Canadian dollars (CAD) for the purchase of one US dollar (USD), determined by adding 0.0100 CAD/USD to the highest rate which appears on the Bloomberg CAD GIT Page between 7 AM and 5 PM (EST).

(k) "Default" means any of those events or circumstances specified in Section 19.

(l) "Equipment" means all present and after-acquired personal property of a person.

(m) "Equities" means existing or future rights of counterclaim, defence, set-off, compensation, abatement or offset, legal or equitable.

(n) "Financed Amount" means the amount stated as such on the face hereof owing by Client to Lender or the unpaid outstanding balance thereof, as the context requires.

(o) "Financing Rate" means the rate per annum stated as such on the face hereof, or in Schedule A, as the context requires.

(p) "Franchise Agreement" means any franchise, license or area development agreement granted with regard to the Sites.

(q) "Franchise Parties" means any party that entered into or will enter into a Franchise Agreement.

(r) "GAAP" means generally accepted accounting principles in effect from time to time in Canada or IFRS applicable to the relevant person, applied in a consistent manner from period to period.

(s) "Guarantor" means, collectively, the Corporate Guarantors and the Personal Guarantors, as applicable.

(t) "Instalments" means the periodic repayment instalments of the Financed Amount, together with interest calculated at the Financing Rate as provided on the face hereof, such instalments stated on the face hereof.

(u) "Lease Agreement" means any lease, sub-lease or storage agreement with regard to the Sites.

(v) "Lease Parties" means any party that entered into or will enter into a Lease Agreement.

(w) "Lender" means Lender stated on the face hereof.

(x) "Lien" means any lien, privilege, mortgage, pledge, hypothec, charge, security interest, attachment, assignment, seizure, sequestration, distress, levy or other encumbrance of any nature or kind whatsoever.

(y) "Liquidated Damages" means liquidated damages determined in accordance with Section 2.2.

(z) "Loss of Equipment" means:

(i) a total or constructive total loss of Equipment, or damage thereto, or theft thereof which, in the reasonable opinion of Lender, renders it impossible or impractical to use the Equipment for its intended purpose; or

(ii) expropriation or confiscation of Equipment by any authority absolutely or for more than 180 days.

(aa) "Material Adverse Effect" means, when used with reference to any event or circumstance or any person, an event, fact or circumstance that, either alone or when taken together with any other event, fact, or circumstance, has or could reasonably be expected to have a material adverse effect on: (i) the business, assets, operations, property, or condition (financial or otherwise), of Client, any Covenant Party and Guarantor, taken as a whole, any of the Sites, taken as a whole, the Collateral or any portion thereof; (ii) the ability of Client or any Guarantor, in each case taken as a whole to perform and discharge its respective obligations under this Agreement or any of the related documents; (iii) the validity or enforceability of any of such documents, including this Agreement or any of Lender's security, or Lender's ability to enforce any of its rights or remedies under any of such documents; or (iv) the existence or priority of any of the liens in favour of Lender including any liens affecting any of the Sites or such Equipment.

(bb) "Obligation" means any obligation of Client to pay any amount owing hereunder or under any documents, instruments or security delivered in connection herewith, including the Financed Amount, Overdue Payments and all other amounts owing hereunder, or to perform any other obligation of Client hereunder or under any documents, instruments or security delivered in connection herewith.

(cc) "Overdue Payment" means any amount owing by Client hereunder and any sum disbursed by Lender pursuant to Section 21 which is not paid when due hereunder, or any portion thereof.

(dd) "Paydown Amount" has the meaning assigned in Section 13.2.

(ee) "person" includes any natural person, corporation, firm, partnership, trust, sole proprietorship or governmental agency, authority or other entity, however constituted or designated.

(ff) "Prime Rate" means the variable reference rate of interest per year declared by Lender from time to time to be its "Prime Rate" for Canadian dollar loans made by Lender in Canada, such rate to be adjusted automatically, without notice, as of the opening of business on the effective date of any change in such rate by Lender by public announcement or otherwise.

(gg) “Supplier” means any manufacturer, supplier, vendor or dealer or any other person from whom Client has acquired any of the Equipment.

(hh) “Taxes” means any and all taxes, imposts, levies, fees, duties and charges imposed by any taxing authority on Lender, Client, the Equipment, its purchase, sale, ownership, security interest thereon, delivery, possession, operation or use including, without limitation, sales, excise, use, health services, property, goods and services, business transfer and value added taxes (including any penalties or interest based on late or non-payment), but excluding taxes imposed on or measured by Lender’s overall net income.

(ii) “TTM” means on a trailing twelve month basis.

(jj) “Unwinding Costs” means the costs Lender incurs when a fixed rate loan is paid out early. The unwinding costs are based on an interest rate differential between the loan rate and the bid side yield for Government of Canada securities with the same maturity as the loan, for the remaining term of the loan at the time of repayment.

(kk) “Warranties” means any and all warranties, guarantees, representations, service contracts, contracts to stock spare parts and similar agreements, oral or written, express, implied or statutory, relating to the Equipment.

1.2 In this Agreement, unless the context otherwise requires, the singular includes the plural and vice-versa and words importing gender include each gender.

1.3 All references herein to statutes include the statute as it may be amended, restated or replaced with legislation of comparable effect. Unless otherwise specified, all references to Sections and Schedules are to Sections of, and Schedules to this Agreement. The words “hereto”, “herein”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Section or other provision of this Agreement. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term “including” shall mean “including, without limitation”, and the term “includes” shall mean “includes, without limitation”. Any reference herein to the exercise of discretion by Lender (including phrases such as “in its discretion”, “in the discretion of”, “in the opinion of”, “to the satisfaction of” and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

1.4 Other than payments, which shall be made on the date each payment is due, acts to be performed hereunder on non-business days shall be performed on the following business day.

2. Instalments

2.1 Client hereby acknowledges that it has borrowed from Lender and is thereby, or has otherwise become, indebted to and agrees to repay to Lender, at the address of Lender stated on the face hereof or such other place notified by Lender to Client, the Financed Amount, together with interest thereon, by paying the Instalments stated on the face hereof or in Schedule A hereto. Unless otherwise stated, Instalments are due on the dates stated on the face hereof in each month, or other period (or the last day of the month, if there is no corresponding date), in arrears, throughout the term hereof. On the final Instalment date, Client shall pay Lender the outstanding balance of the Financed Amount, all accrued and unpaid interest thereon (including any adjustments to reflect changes in any applicable rates of interest) and all other amounts payable hereunder.

2.2 Client may not at any time prepay in whole or in part the unpaid outstanding balance of the Financed Amount, except as follows: Commencing 36 months after the Closing Date, upon 30-day prior notice to Lender, Client will have the right to prepay all, but not less than all, of the outstanding balance of the Loan at any time during the remainder of the term of this Agreement provided Client also pays all accrued interest and costs outstanding hereunder at the time of prepayment and liquidated damages determined as follows:

(a) The Liquidated Damages shall be three (3) months’ interest calculated on the unpaid principal balance at the rate provided herein plus, if Loan is fixed, a prepayment charge equal to Lender’s Unwinding Costs.

2.3 Any portion of the Financed Amount prepaid shall be applied to the remaining Instalments in inverse order of maturity. No part of the Liquidated Damages shall be applied in reduction of said remaining Instalments. If a Default or a Loss of Equipment occurs, the Liquidated Damages shall also be payable by Client and shall be calculated by reference to the outstanding balance of the Financed Amount at the time of such Default or Loss of Equipment, as applicable.

3. Interest

3.1 The Financed Amount shall bear interest at the Financing Rate from the date hereof until the Financed Amount is unconditionally paid in full to Lender, and shall be payable in arrears on each Instalment date.

3.2 In addition to interest payable under Section 3.1, each Overdue Payment shall bear interest from the date due until unconditionally paid in full to Lender at the rate of 18% per annum, and shall be payable on demand by Lender.

3.3 Interest payable hereunder shall accrue and be calculated daily upon the daily outstanding balance of the Financed Amount or an Overdue Payment, as applicable, on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be. All interest payments to be made under this Agreement in respect of the outstanding balance of the Financed Amount or any Overdue Payment, as applicable, shall be paid both before and after maturity and before and after Default and/or judgment, if any, until full and unconditional payment of the outstanding balance of the Financed Amount or such Overdue Payment is made. The yearly rate of interest to which each rate of interest expressed herein is equivalent is the product of: (a) such rate, multiplied by (b) the actual number of days in the calendar year in which the same is to be ascertained divided by 365 or 366, as the case may be. Notwithstanding anything herein or in any other agreement with Lender to the contrary, in no event shall the combination of interest, costs, and fees payable herein exceed that rate which is one percent (1%) less than the effective annual rate of interest which is prohibited under Section 347 of the *Criminal Code* (Canada), as amended from time to time (the “**Maximum Amount**”) and if any payment, collection or demand pursuant to this Agreement or any other agreement with Lender exceed the Maximum Amount then such payment, collection or demand will be deemed to have been made by mutual mistake of Client or Guarantors (as the case may be) and Lender and the amount of such payment or collection will, at the option of Lender, either be refunded to Client, or be applied to the Obligations (whether or not due and payable) as determined by Lender, and not to the payment of interest.

3.4 If the Financing Rate is a variable rate based on Prime Rate, a change in Prime Rate automatically changes the rate of interest payable hereunder to the same extent and in the same manner effective with the frequency stated on the face hereof or in Schedule A. Lender shall not be obliged to notify Client of any such change, any such right to notice being hereby irrevocably waived by Client.

3.5 In order to preserve Lender’s net economic return, Lender in its sole discretion may adjust the pricing at any time prior to any Advance to reflect: (1) changes in the pricing assumptions of this Agreement; (2) a change in Lender’s funding index rate; (3) tax law changes applicable to Client or Lender; and (4) general market conditions.

4. Title, Ownership

Title to, ownership of, and all property in the Collateral shall remain with Client, but subject always to the security interests and other provisions hereof, and at Client’s sole risk, until full payment in cash of all amounts repayable hereunder; prior to such payment, Client's rights therein are to quiet enjoyment and use on the terms and conditions of this Agreement so long as a Default has not occurred.

5. Security Interest and Warranties as to the Collateral

5.1 As general and continuing security for the payment and performance of the Obligations, Client hereby grants to Lender and Lender hereby takes a security interest in: (a) the Equipment, (b) all present and after-acquired intellectual property and other intangibles relating to the Equipment; (c) all present and after-acquired contracts, written or oral, for the sale, exchange, lease, license, rental or other disposition of any kind whatsoever of the foregoing; (d) all insurance claims and proceeds resulting therefrom with respect to any loss or damage to any of the foregoing; and (e) all proceeds of the foregoing in the form of chattel paper, documents of title, goods, instruments, intangibles, money, fixtures or investment property, (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations Client hereby mortgages, transfers, pledges, charges and assigns the Collateral to Lender. The general and continuing security provided for in this Section 5.1 is in addition to and not as substitution for any other security provided by Client to Lender from time to time.

5.2 Client represents and warrants to Lender that Client has, and shall continue to have at all times until while the Obligations remain outstanding, good and marketable title to the Collateral, free and clear of all Liens except for Liens granted in favour of or taken by Lender hereunder or pursuant to any other agreement between Client and Lender or any nominee or agent of Lender. Client agrees to comply with all Warranties accruing to Client pertaining to the Equipment; however, any failure by any receiver to comply with any Warranty shall not affect Client's Obligations to Lender.

5.3 If any term or condition in this section 5 shall be inconsistent with the provisions of the general security agreement ("**GSA**") entered into by the Client and Corporate Guarantor on December 7, 2020 and reaffirmed by way of a reaffirmation of security agreement as of the date hereof, the terms of the GSA shall be paramount.

6. Personal Property and Waivers

6.1 The Equipment shall at all times be and remain moveable personal property. Notwithstanding any purpose for which the Equipment may be used or that it may become affixed or attached to land or any structure thereon, the Equipment shall remain subject to all rights of Lender hereunder as if it were not so affixed or attached.

6.2 Client agrees to use commercially reasonable efforts to obtain a waiver, if required by and in a form satisfactory to Lender, acting reasonably, from any landlord, mortgagee, hypothecary creditor or other encumbrancer of the premises where Collateral is situated (and prior to any Equipment becoming affixed if it is to be affixed).

7. Postponement

All shareholder, Affiliate and related entity debt shall be subordinated and postponed to Lender's debt.

8. Cost Overruns

All cost overruns shall be borne by the Client. [redacted].

9. Maintenance, Use, Operation, Alterations, Upgrades, etc.

9.1 Client shall at its own expense:

(a) maintain Equipment in good operating condition, repair and appearance, ordinary wear and tear only excepted;

(b) comply with all recommendations or requirements of Suppliers so as to preserve all Warranties; and

(c) at Lender's request, enter into a maintenance agreement for Equipment for the full term of this Agreement with a Supplier or a competent service and maintenance agent satisfactory to Lender.

9.2 Client shall not, without Lender's prior written consent, make any alterations, additions, accessions or attachments to any Collateral. Such consent will only be granted if such changes:

(a) do not materially decrease the value of Collateral or limit, interfere with or frustrate its intended use;

(b) do not prejudice or adversely affect any Warranties; and

(c) are free from, and do not subject any Collateral to, any Lien.

9.3 All replacement parts and components, alterations, additions, accessions and attachments to Collateral shall automatically become subject to the security interests created hereby as soon as they are acquired by or on behalf of Client.

9.4 Client shall affix and keep affixed to Collateral any labels supplied by Lender identifying its security interests in Collateral.

10. Inspection

Any representative of Lender shall have the right to inspect the Collateral or any part thereof at all reasonable times upon notice to Client.

11. Franchise Agreement

11.1 Client represents and warrants to Lender that the copies of each Franchise Agreement together with all amendments, modifications and supplements thereto, provided to Lender or executed by the Franchise Parties is a true and complete copy, subject to no amendment and that Franchise Parties are in good standing thereunder.

11.2 The expiration, revocation or other termination of any one or more of the Franchise Agreements or the assignment or other transfer of a Clients' rights under any one of more of the Franchise Agreements, without Lender's prior written consent, shall, constitute a Default hereunder, if such expiration, revocation, termination, assignment or other transfer would cause the occurrence of a Material Adverse Effect, and Lender may invoke any remedies permitted under this Agreement. The consent to any such sale or transfer shall be in Lender's sole discretion, and shall be subject to the execution by the purchaser or transferee, prior to such sale or transfer, of a written assumption agreement containing such terms as Lender may require. In addition, any such consent shall be conditioned upon payment by Client to Lender of (i) a fee equal to one percent (1%) of the then unpaid outstanding balance of the Financed Amount and (ii) all out-of-pocket costs and expenses incurred by Lender in connection with such consent, including, without limitation, legal fees.

12. Rented Facilities

Client represents and warrants to Lender that the Lease Agreements for all sites together with all amendments, modifications and supplements thereto, provided to Lender are true and complete, subject to no amendments and that Client is in good standing thereunder.

13. Early Lease Expiry

13.1 Client covenants and agrees that, in the event the term of any Lease Agreement expires before the expiration of the term of this Agreement, it shall or shall force the Lease Parties to cause the term of such Lease Agreement to be renewed or otherwise extended to a date that occurs on or after the expiration of the term of this Agreement. Failure to do so shall constitute a Default and Lender shall be entitled to exercise any and all rights and remedies it may have under this Agreement or at law.

13.2 Notwithstanding the foregoing, Lender may, at its sole option, require Client pay to Lender an amount to be determined by Lender at that time (the "Paydown Amount"). Failure to pay the Paydown Amount as required by Lender shall constitute a Default and Lender shall be entitled to exercise any and all rights and remedies it may have under this Agreement or at law. The Paydown Amount shall be deemed a payment of principal, shall be applied in the inverse order of maturity, and shall otherwise be applied in accordance with the terms of this Agreement.

14. Insurance

14.1 Client shall at its own expense place and maintain with insurers acceptable to Lender:

(a) comprehensive all risks insurance on the Equipment for the greater of the Financed Amount or the full replacement value of the Equipment. Such insurance shall include: (i) a loss payable clause in favour of Lender and (ii) a waiver of subrogation clause in favour of Lender;
(b) general public liability and property damage insurance with limits of liability at least equal to $1,000,000 or such greater amount as Lender may require. Such insurance shall extend to all liabilities of Client under this Agreement arising out of its use or possession of Collateral and to any potential vicarious liability of Lender as holder of security interests in Collateral created hereby; and
(c) business interruption coverage at least equal to the gross revenues for the last 12 months or such greater amount as Lender may require.

14.2 All such of insurance policies shall be in place at the effective date of this Agreement and shall contain endorsements providing that: (a) 30 days' written notice shall be given to Lender before the policy lapses or is materially altered or cancelled; (b) the insurance shall be primary and not contributory; (c) Lender's interests therein shall not be invalidated or otherwise adversely affected by any act or omission, deliberate, negligent or otherwise, of Client or its agents, servants or employees (the so-called "standard mortgage clause"); (d) Lender shall not be responsible for payment of any premiums; and (e) Lender may elect to have all proceeds of loss payable only to itself.

14.3 Client shall supply Lender with certified copies of all insurance policies, endorsements or other evidence of the required coverage satisfactory to Lender within 30 days of the effective date of this Agreement and on request.

14.4 In the event of damage to any item of Equipment amounting to Loss of Equipment, Lender shall be entitled to receive immediate payment of the amount equal to the Accrued Liability with respect to such item of Equipment. Lender may retain any monies received from the insurance proceeds in an amount equal thereto, Client remaining liable for any deficiency.

15. Taxes, etc.

Client shall have the sole responsibility for and shall duly and punctually pay all Taxes and all licence and similar fees payable at any time upon, or in respect of, Collateral, this Agreement and any payments or transactions contemplated hereunder.

16. Additional Debt

No additional debt (other than the loan(s) described herein) or guarantee of any kind shall be incurred by Client or any Covenant Parties without the prior written consent of Lender.

17. Liens

Client shall keep the Collateral free of all Liens, other than any Liens granted to, or taken by, Lender and the Permitted Emcumbrances

18. Laws and Regulations

Client is and shall continue to be in compliance with all laws and regulations relating to use, operation or possession of Collateral or the security interests therein in favour of Lender, and those relating to the prevention of money laundering and terrorism.

19. Default

It shall be a Default under this Agreement if:

(a) Client fails to pay any Instalment within 10 days after its due date;
(b) any representation or warranty of Client made herein or in any instrument or document delivered to Lender in connection herewith is false or materially incorrect or misleading;
(c) any insurance coverage required to be obtained and maintained by Client under this Agreement shall lapse, expire or be cancelled;
(d) Client defaults in any other Obligation, or defaults in any obligation under any other agreement with Lender or any Affiliate, nominee or agent of Lender, and such default continues for 10 days after notice thereof by Lender or such Affiliate, nominee or agent, as applicable, to Client;
(e) any act of bankruptcy takes place respecting Client, or any proceeding, petition or notice, voluntary or involuntary, is commenced, made, given or filed, as the case may be, by Client or any other person, under any present or future statute or law relating to bankruptcy, insolvency or relief from or compromise or arrangement with creditors of Client and any such act, petition, filing or proceeding (excluding in the case of a voluntary act, petition or notice by the Client) has not been stayed, dismissed, vacated or withdrawn within thirty (30) days of the commencement thereof;
(f) Client ceases or threatens to cease to carry on business or makes or proposes to make any sale of the whole or any substantial portion of its assets in bulk, or otherwise out of the normal course of business;
(g) any execution, sequestration, expropriation or similar process is brought or threatened, by way of notice or otherwise, against, or a distress or analogous process is levied upon the whole or any part of the property of Client or Collateral and either (i) such enforcement proceedings shall have been commenced by any creditor upon such judgment or order and which proceedings have not been stayed, by reason of such judgment being satisfied, bonded or discharged, or (ii) there shall be a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;
(h) any trustee, receiver, interim receiver, administrator, manager, receiver and manager or similar official is appointed with respect to all or any part of the property, assets or undertaking of Client (including the Collateral), whether pursuant to any private instrument or agreement or by order of any court;
(i) if ownership of or control and direction over the assets or undertaking of Client or its voting shares changes, by amalgamation, merger, sale, transfer of shares or otherwise, except pursuant to death of the shareholder, or Client passes any resolution concerning any matter referred to in paragraph (e) or with respect to, or any proceedings, voluntary or involuntary, are commenced under, any present or future law relating to amalgamation, liquidation, winding-up or dissolution , provided that the Client and the Corporate Guarantor shall have the benefit of the cure periods set out in the GSAs, as applicable;;
(j) an event occurs which, could reasonably be expected to have a Material Adverse Effect, and such event continues for 10 days after notice thereof by Lender or such Affiliate, nominee or agent, as applicable, to Client;
(k) Client fails to maintain any financial covenant under this Agreement;
(l) the expiration, revocation or other termination of one or more Franchise Agreements or the assignment or other transfer of the Client's rights under any Franchise Agreements, in each case, without Lender's prior written consent, provided that such expiration, revocation, other termination, assignment or other transfer results in or causes a Material Adverse Effect;
(m) The Client materiallydefaults under any Franchise Agreement and such default is not cured within any curative period provided for under such Franchise Agreement;
(n) the expiration, revocation or other termination of any Lease Agreement or the assignment or other transfer of the Lease Parties' rights under such Lease Agreement, without Lender's prior written consent provided that such expiration, revocation, other termination, assignment or other transfer results in or causes a Material Adverse Effect;
(o) Client materiallydefaults under any Lease Agreement for the rented facilities where any Equipment of any Covenant Party is located and such default is not cured

within the curative period, if any, granted to the Lease Parties under such Lease Agreement;

(p) any Affiliate of Client defaults in any obligation under any other agreement with Lender or any Affiliate of Lender and such default continues for 10 days after notice thereof by Lender or such Affiliate, as applicable, to Affiliate of Client;

(q) the Covenant Parties create, grant or permit to exist any hypothec on the Sites or their present and future movable, corporeal and incorporeal property, other than hypothecs granted in favor of Lender. For greater certainty, no subordinate hypothecs shall be permitted without the prior written consent of Lender; or

(r) any event or circumstance described in any paragraph (b) through (r) inclusive occurs with respect to any Covenant Parties, guarantor or surety of Client respecting this Agreement or any person who controls Client or any Affiliate of Client.

A Default under this Agreement shall be deemed a default under all other present and future agreements entered into between Client and Lender or any Affiliate, nominee or agent of Lender.

20. Lender's Remedies on Default

Upon Default, Lender shall be entitled to do one or more of the following:

(a) declare this Agreement to be in default (with or without terminating this Agreement) whereupon all Obligations shall be immediately due, payable and enforceable without any notice or demand whatsoever;

(b) declare any or all of the Obligations to be immediately due and payable, or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived;

(c) take possession of any Collateral, without demand, notice or legal proceeding and enter on any premises of Client or any other person for such purpose;

(d) sell, lease or otherwise dispose of any Collateral by public or private transaction for such consideration payable immediately and/or deferred and on such terms and conditions as Lender in its discretion determines;

(e) whether or not this Agreement may have been or be deemed to have been terminated, demand, sue for and recover the amount equal to the Accrued Liability, less, if applicable, the net proceeds to Lender derived from the sale, lease or other disposition of the Collateral, after deducting all amounts payable by Client pursuant to Section 23 hereof; and

(f) exercise any other rights or remedies and/or take any proceedings available to Lender hereunder, at law or in equity.

In lieu of selling, leasing or otherwise disposing of Collateral, Lender may retain Collateral and cause Collateral to be valued by a qualified appraiser selected by it and such value shall be substituted for and deducted as net proceeds to Lender under subparagraph (e) of this Section. Proceeds of sale, lease or disposal need be deducted only when received, unless Lender elects to take the present value of payments to be received, discounted at the Financing Rate then in effect, compounded monthly.

21. Lender's Rights to Remedy Defaults

If Client fails to perform or comply with any obligation hereunder, Lender may, but has no obligation to, perform same in the name of Client or Lender and make all necessary disbursements in connection therewith, which shall be reimbursed by Client immediately on demand. Lender is hereby appointed Client's lawful attorney to take any such action in Client's name.

22. Client's General Indemnities

Client shall indemnify and save harmless Lender from and against all existing or future losses, costs, charges, expenses, liabilities, claims, demands, penalties, damages, suits, actions and causes of action of every nature and kind whatsoever, including strict liability in tort or in delict (collectively, "Claims") sustained or suffered by Lender, or for which Lender may become liable, , unless caused by the gross negligence or willful misconduct of Lender, its employees, servants or agents, resulting from or arising out of:

(a) Lender's lawful exercise or performance of its rights or obligations under this Agreement;

(b) the holding by Lender of a security interest in the Collateral;

(c) any Default;

(d) any personal injury or property damage or other commercial loss arising out of the sale or delivery to, installation, ownership, use, operation, maintenance, condition, return, removal and re-delivery of Collateral; or

(e) any use or operation of Collateral which infringes any patent or other industrial or intellectual property right..

23. Fees and Expenses

Client shall pay to Lender on demand Lender's prevailing fees and all reasonable and documented costs, expenses and disbursements (including, without limitation, legal fees on a solicitor and his own client basis) that Lender incurs, pays or becomes liable for in connection with the preparation, negotiation and registration of this Agreement (or any agreement, instrument or document contemplated hereby) and any other agreement evidencing or relating to the Obligations, the perfection or preservation of any Liens granted to or taken by Lender, processing of payments, rendering statements to Client, the failure of Client to pay or perform any of the Obligations, the enforcement by any means of any of the Obligations or any provision of this Agreement, the exercise of any rights, powers or remedies under this Agreement or any other agreement evidencing or relating to the Obligations (including all such costs, expenses and disbursements in connection with recovering or taking possession of the Collateral, removing or taking custody of, the storing, preserving, processing, repair, reconditioning or dismantling of Collateral, preparing Collateral for lease, sale or other disposition and leasing, selling or otherwise disposing of Collateral) and any professional advice sought in connection with any of the foregoing.

24. Pre-Authorized Payments

Client shall execute and deliver to Lender from time to time upon request pre-authorized payment orders in such form as Lender may reasonably request. Lender is hereby authorized to deliver such orders to the financial institution named therein. Client hereby appoints Lender its lawful attorney to take all action contemplated by such payment orders to receive payment of any amount due under this Agreement. Lender may decline any other form of payment. All monthly payments under this Agreement by the Client are to be made via such pre-authorized payment.

25. Location of Collateral; Client's Name

25.1 Except as otherwise expressly permitted hereunder, Client shall not part with possession of any Collateral nor remove any of same from any province such Collateral is located as of the date of this Agreement.

25.2 Client covenants that it shall not change its name or chief executive office or move the Collateral from the locations stated herein, or otherwise disclosed to Lender in writing, without first providing at least 30 days prior written notice to Lender.

26. Assignment and Leasing

Client shall not assign any rights hereunder and Client shall not sell or attempt to sell any Collateral nor lease or rent or attempt to lease or rent any Collateral, in any case without the prior written consent of Lender, and such consent may be withheld by Lender in its sole and unfettered discretion. No action aforesaid by Client shall relieve Client of any of its Obligations.

27. Client's General Representations, Warranties and Covenants

Client represents and warrants to and covenants with Lender that: (a) Client has been duly incorporated, amalgamated, merged or continued, as the case may be (or if Client is not a corporation, has been duly formed, created or established as a partnership, limited partnership, trust or other applicable entity) and validly exists under and is governed by the laws of its jurisdiction of formation, amalgamation, merger, continuance, establishment or creation, as the case may be, with the power and authority to own its assets and property, carry on its business as currently conducted, and to enter into this Agreement; (b) this Agreement and all other agreements, documents and instruments delivered in connection with this Agreement or the transactions contemplated hereby have been duly authorized, executed and delivered by all necessary action on the part of Client and constitute legal and valid agreements binding upon Client enforceable in accordance with their respective terms; (c) all Information as defined in Section 48 provided by Client to Lender is accurate; and (d) all payments to Lender are and will be derived from legal sources. Client agrees to furnish to Lender a copy of its most recent annual financial statements, audited if applicable, promptly upon availability and in any event, within 90 days of each financial year-end. Upon request by Lender, Client agrees also to furnish its quarterly financial statements promptly upon availability and, in any event, within 60 days of each financial quarter-end. To the extent any representation or warranty above conflicts with the terms of the GSA, the terms of the GSAs shall be paramount.

28. Statutory Waivers and Acknowledgement

28.1 To the extent permitted by law, Client waives its right to receive a copy of any financing statement or financing change statement registered by Lender and of any related verification statement.

28.2 Client waives, to the fullest extent permitted by law, the application of the provisions of (a) *The Limitation of Civil* Rights Act (Saskatchewan); and (b) *The Distress Act* (Manitoba). Client agrees that the provisions of this Agreement are commercially reasonable.

29. No Set-Off – Exclusion And Assignment Of Warranties

29.1 Client irrevocably and unconditionally waives all equities against any Instalment and other amount due to Lender hereunder and agrees to pay each such Instalment and other amount without regard to any equities. Neither defects in, damage to, nor loss or destruction of Collateral shall terminate this Agreement or reduce any Obligations, except as otherwise expressly provided herein.

29.2 Client represents and warrants to and covenants with Lender that Collateral is and will be used for commercial, industrial or business purposes only and not for personal, family, household or farming purposes;

29.3 (a) Lender shall not be bound by or be deemed to have made or be liable for any representation, warranty or promise made by Supplier or otherwise; (b) Lender shall not be liable for any failure of Equipment including any latent defect or alleged fundamental breach of this Agreement; (c) neither Lender nor any of its employees, servants or agents has made and does not now make any representation or warranty whatsoever, express or implied, with respect to Equipment or any intellectual or industrial property rights therein including, without limitation, the design, specifications, condition, quality, merchantability or fitness for Client's purposes and (d) Lender shall have no liability for any direct, indirect, punitive, exemplary, special or consequential damages or loss of profits, actual or anticipated, or for any damages based on strict or absolute tort or delictual liability or Lender's or Supplier's negligence. Nothing herein shall deprive Client of its rights against Supplier or any person other than Lender. Client shall make any claims with respect to Equipment directly against Supplier.

29.4 If Equipment is seized or sold by Lender, all warranties of Supplier and rights to all software, other intellectual and industrial property licenses accompanying goods shall be deemed assigned by Client to Lender.

30. Notices

Any notice, demand, consent or other communication required or permitted hereunder ("Notice") shall be in writing and may be delivered, or sent by prepaid registered mail, or by telex, telecopier or other means which produces a permanent written record (a "transmission"). Mailed Notice shall be deemed to have been given two business days after mailing provided there is no general disruption or stoppage of postal services then in effect, in which case delivery shall be made by one of the other methods permitted herein; delivered Notice shall be effective upon delivery during business hours to an apparently responsible adult, and transmissions shall be deemed to have been received at the opening of the business day immediately following transmission. Addresses for Notice shall be those addresses stated on the face hereof and may be changed in accordance with the foregoing.

31. Remedies Cumulative

All rights and remedies of Lender hereunder are cumulative and not exclusive or alternative and may be exercised by Lender separately or together, in any order, sequence or combination.

32. Forbearance, Indulgence and Waivers

Forbearance or indulgence by Lender in any instance shall not constitute a general waiver of the obligation under this Agreement to which the same applies. Any waiver by Lender of its rights must be in writing and shall not extend to any other obligation or right.

33. Allocations

Client hereby irrevocably and unconditionally waives any present or future right to allocate any payment made to Lender to any specific Obligation due under this Agreement or under any other agreement with Lender or any Affiliate, nominee or agent of Lender. Lender may allocate and apply any payment received to any obligation due hereunder or under any other agreement with Lender or Affiliate, nominee or agent of Lender and may reverse, reallocate and re-apply any such payment as many times and in such manners as Lender from time to time sees fit. Payments received shall be allocated upon receipt of legal tender or cleared funds. Lender is hereby irrevocably authorized to combine and set off amounts payable by it to Client with amounts owing to it from Client (in each case whether matured or not and whether absolute or contingent) under the same or different agreements.

34. Time

Time is and shall remain of the essence of this Agreement.

35. Entire Agreement

There are no representations, warranties, covenants, agreements or acknowledgements by Lender affecting the Financed Amount, the Obligations, the Accrued Liability, this Agreement or the Collateral, other than as expressed in this Agreement or expressed in the other documents, instruments or security delivered in connection herewith. No amendment, restatement, supplement or other modification to this Agreement will be valid or binding unless set forth in writing and duly executed by each of the parties hereto.

36. Severability

Any term, condition or provision of this Agreement which is deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severed herefrom and ineffective to the extent of such invalidity, prohibition or unenforceability, without in any way invalidating the balance hereof.

37. No Merger in Judgment

The taking of any judgment by Lender under this Agreement shall not operate as a merger or novation of any term or condition hereof or of any Obligation.

38. Further Assurances and Power of Attorney

38.1 Client and Lender each shall do, execute and perform all such acts, deeds, documents and things as may be reasonably required to enable Lender to have the full benefit of all rights and remedies intended to be reserved or created hereby and to better assure, register and perfect the Liens granted or taken in relation to the Collateral or any part of the Collateral. Lender is hereby appointed Client's lawful attorney to complete and/or correct any information on the face hereof or in any Schedule hereto.

38.2 Each power of attorney granted in this Agreement is granted with full power of substitution, is irrevocable, is coupled with an interest, shall survive termination of this

Agreement and may be exercised during any subsequent legal incapacity of Client or Lender.

39. Currency

Unless otherwise stated in this Agreement, all sums of money payable hereunder shall be paid in Canadian dollars. If any amount payable pursuant to this Agreement needs to be converted from US dollars to Canadian dollars, including for purposes of determining the amount of the Financed Amount or any Instalment, such conversion shall be made by Lender on the relevant date at the Conversion Rate and Lender will notify Client of the Canadian dollar amount so converted.

40. Survival

Notwithstanding any other Section, any accrued Obligations, the Obligations of Client under Sections 14.4, 15, 21, 22, 23, 28, and 33 and all rights of Lender hereunder, whether accrued or not, shall survive the termination or expiration of this Agreement and the payment of the Accrued Liability and all other amounts payable hereunder.

41. Section Headings

Section headings in this Agreement are for convenience of reference only and do not affect the interpretation or construction hereof.

42. Assignment

42.1 Client shall not assign this Agreement or any Obligations or rights hereunder without the prior written consent of Lender, and such consent may be withheld by Lender in its sole and unfettered discretion. No action aforesaid by Client shall relieve Client of any of its Obligations.

42.2 Lender may assign or transfer in whole or in part its rights under this Agreement or the Collateral, and/or grant a security interest, mortgage, transfer, charge or assignment in its rights hereunder or in the Collateral and any assignee, transferee or beneficiary of such security interest, mortgage, transfer, charge or assignment (“Assignee”) shall be unrestricted in the exercise of such rights. Client shall recognize any such assignment, transfer or grant and shall not assert against any Assignee any Claims or Equities which it may have against Lender respecting this Agreement or the Collateral and waives all Claims and Equities against Assignee’s rights to enforce this Agreement based on Lender’s alleged failure to perform same or any Supplier’s breach of Warranties.

43. Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon Lender and Client, and each of their respective heirs, executors, administrators, personal representatives, successors and permitted assigns and lessees, including without limitation any successor or assign arising as a result of an amalgamation or other corporate or business reorganization.

44. Choice of Law

This Agreement shall be governed, construed, performed and enforced in accordance with the laws of the Province where the address of Client is located as stated on the face of this Agreement.

45. Language

The parties hereto have expressly required that this Agreement and all documents, agreements and notices related thereto be drafted in the English language. Les parties aux présentes ont expressément exigé que le présent contrat et tous les autres documents, conventions ou avis qui y sont afférents soient rédigés en langue anglaise.

46. Joint and Several Liability

If more than one person executes this Agreement as Client their obligations hereunder shall be joint and several and, where the context so admits, each reference in this Agreement to “Client” shall include reference to any one or more or all such persons and the acts or omissions of and such persons shall bind all of them.

47. Receipt of Agreement

Client acknowledges receipt of an executed copy of this Agreement.

48. Information

Client hereby consents and authorizes Lender and its Affiliates, agents, nominees, contractors and representatives, at any time, (a) to collect, verify, use, communicate with and disclose to third parties (including credit reporting agencies, financial institutions, creditors, vendors and other persons) any credit, financial and other information, including personal information (as applicable) and information related to the credit rating, financial capacity and payment history, with respect to Client (“Information”), as Lender deems necessary to process, complete, service and enforce the transactions hereby contemplated and any other existing or potential transactions, or as required or otherwise permitted by law; (b) to respond to inquiries from, and exchange any Information with, third parties concerning Client’s credit rating, financial capacity and payment history; (c) to provide Information to persons to whom Lender considers assigning, granting a participation or otherwise disposing of rights or obligations under the transactions hereby contemplated; and (d) to provide to any person copies of this Agreement. This consent is in addition to and does not replace any consent previously given.

49. Fund off Fax

This Agreement may be executed in several counterparts and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof. Each of Client and Lender agrees that if the original of this Agreement and/or related certificates, authorizations or other documents (collectively, the “Closing Documents”) is not received by Lender, then Lender, in its sole discretion, may decide to treat and rely on the executed version of any such Closing Document that has been transmitted to Lender by facsimile transmission (“fax”) or by the use of other electronic means such as email (any such other electronic transmission being herein referred to as “pdf”) as the signed original of such Closing Document. Without limiting the generality of the foregoing, each of Client and Lender further agrees that any Closing Document signed and transmitted by fax or pdf shall be treated for all purposes as an original document, the signature of any party on such Closing Document shall be considered as an original signature and the Closing Document transmitted by fax or pdf shall have the same effect as a counterpart thereof containing original signatures. No party shall raise as a defense to the enforcement of any Closing Document that a facsimile, email or other electronic transmission was used to transmit any signature of a party to such Closing Document.

TO:	**CANADIAN WESTERN BANK (the "Lender")**
RE:	**Loan and Security Agreement (the "LSA") dated December ___, 2021 made between Lender and Aegis Brands Inc. (the "Borrower"), as guaranteed by Bridgehead (2000) Inc. (the "Guarantor")**

UNDERTAKING

In consideration of and notwithstanding the closing of the above-noted transaction, the undersigned undertakes as follows:

1. To provide Lender with renewals of the lease agreements for the Sites below, in a form satisfactory to the Lender, within THIRTY (30) days of the closing date of the LSA:

   - **Fairmont** : 1024 Wellington Street, Ottawa, ON, K1Y 2X9
   - **Sparks:** 96 Sparks Street, Ottawa, ON, K1P 5B7
   - **Slater:** 344 Slater Street, Ottawa, ON, K1R 5Y7

The undersigned acknowledges that a default pursuant to this undertaking shall constitute an Event of Default pursuant to the Loan and Security Agreement.

DATED at Mississauga, Ontario this 8th day of December, 2021.

AEGIS BRANDS INC.

Per: *(signed) "Steven Pelton"*
Name: STEVEN PELTON
Title: PRESIDENT, CEO
I have authority to bind the Corporation.

BRIDGEHEAD (2000) INC.

Per: *(signed) "Laurie Ouellette"*
Name: LAURIE OUELLETTE
Title: CFO BRIDGEHEAD
I have authority to bind the Corporation.

CWB Franchise Finance

AUTHORIZATION

TO: **CANADIAN WESTERN BANK ("CWB")**

RE: Loan and Security Agreements between **CWB** as Lender and Aegis Brands Inc.

YOU ARE HEREBY authorized and directed to complete and/or amend all documentation delivered in connection with the above-noted matter, and in particular, to insert all registration particulars and dates in all documents where required, and to amend any such documents where required, and for so doing, this shall be your full and sufficient authority.

DATED this 1st day of December, 2021.

AEGIS BRANDS INC.

Per: *(signed) "Steven Pelton"*
Name: STEVEN PELTON
Title: PRESIDENT CEO
I have the authority to bind the corporation

BRIDGEHEAD (2000) INC.

Per: *(signed) "Laurie Ouellette"*
Name: LAURIE OUELLETTE
Title: CFO BRIDGEHEAD
I have the authority to bind the Corporation

Franchise
CWB Finance

PRE-AUTHORIZED DEBIT AUTHORIZATION ("PAD Agreement")
FOR BUSINESS PURPOSES

The undersigned hereby authorizes **CANADIAN WESTERN BANK** (hereinafter called the "**Payee**") to debit the account of the undersigned identified on the void cheque delivered to the Payee (the "**Account**") with the amount of each payment or other amount owing from time to time to the Payee under the Loan and Security Agreement entered into between the undersigned and the Payee on or about December 1, 2021 (as same may be amended or otherwise modified from time to time, the "**Financing Agreement**"), on or shortly after the due date thereof as set out in the Financing Agreement, by issuing pre-authorized debit requests (each a "**PAD**") to the financial institution at which the Account is held, as identified on the void cheque delivered to the Payee (the "**Processing Institution**"). The undersigned undertakes to deliver a void cheque in respect of the Account to Payee concurrently with the execution hereof and will inform the Payee in writing of any change in the information related to the Account not less than 10 days prior to the next occurring PAD due date.

The undersigned acknowledges that this authorization is being given for the benefit of the Payee and the benefit of the Processing Institution and is provided in consideration of the Processing Institution agreeing to process PADs against the Account in accordance with the rules of the Canadian Payments Association (the "**CPA Rules**"). The Processing Institution is hereby authorized to pay from and to debit against the Account any payment order or request whatsoever, payable to the order of the Payee and drawn on the said Account by a bank acting in the name of the Payee. Any payment order or request whatsoever thus drawn by the Payee's bank shall be considered as having been signed by the undersigned.

The undersigned hereby acknowledges the payment terms of the Financing Agreement and agrees that each PAD may be processed without prior written notice from the Payee of either the amount of the PAD or the date that the PAD is to be processed.

The undersigned acknowledges: (i) that this authorization to the Payee also constitutes delivery thereof by the undersigned to the Processing Institution, and (ii) that the Processing Institution is not required to verify that each PAD submitted by the Payee has been issued in accordance with this PAD Agreement (including the amount) or that the purpose of the payment for which a PAD was made has been fulfilled as a condition of honouring such PAD.

The undersigned may revoke this authorization at any time by giving a 10-day written prior notice to the Payee at the address set forth below. We acknowledge that we may obtain a sample cancellation form, or further information on our right to cancel this authorization at the Processing Institution or by visiting www.cdnpay.ca. We acknowledge that we have certain recourse rights if any debit does not comply with this PAD Agreement. For example, we have the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD Agreement. To obtain more information on our recourse rights, we acknowledge that we may contact our financial institution or visit www.cdnpay.ca.

This PAD Agreement only relates to the method of payment under the Financing Agreement and neither this Agreement nor cancellation thereof affects your obligations under the Financing Agreement. **The Payee may assign or transfer its rights under this PAD Agreement.**

Each person whose signature is required on the Account must sign below.

Signed this 8TH day of DECEMBER, 2021

CUSTOMER

Name: AEGIS BRANDS INC.
Address: 630-5915 Airport Road
Mississauga, Ontario
L4V 1T1

(signed) "Steven Pelton"
Authorized Signature(s) (as it appears on cheques)

N.B.: **Please attach a sample of a void cheque from the Processing Institution.**

CONTACT INFORMATION OF THE PAYEE FOR NOTIFICATION OR INFORMATION:

CANADIAN WESTERN BANK
2000 Argentia Rd., Plaza #1, Suite 300
Mississauga, Ontario
L5N 1P7

Contact:
Tel:
Email :

Redacted - Personal Information

ACKNOWLEDGMENT AND CONFIRMATION BY BORROWER AND GUARANTORS

TO: **CANADIAN WESTERN BANK** (the "**Lender**")

RE: Revolving Loan and Security Agreement dated December 7, 2020, as amended by an amendment to the revolving loan and security agreement dated April 23, 2021 (as further amended, modified or replaced from time to time, the **"RLSA"**) between the Lender and Aegis Brands Inc. (the "**Borrower**"), as borrower, and Bridgehead (2000) Inc. (the "**Guarantor**") as guarantor.

RE: Loan and Security Agreement dated December 1, 2021, between the Lender and the Borrower (the "**LSA**").

WHEREAS:

A. Pursuant to the RLSA, the Guarantor executed guarantee dated December 7, 2020 with respect to the indebtedness of the Borrower to the Lender (the "**Guarantee**").

B. Pursuant to RLSA and the Guarantee, the Borrower and the Guarantor granted certain security to the Lender (as amended, modified or replaced from time to time, the "**Security**") including, without limitation, the security listed on Schedule "A" attached to this Acknowledgment, as collateral security for all indebtedness and liability of the Borrower and the Guarantor to the Lender (the "**Obligations**"), including, without limitation, the indebtedness and liabilities of the Borrower and the Guarantor to the Lender under the RLSA.

C. Pursuant to the LSA, the Lender has agreed to make a loan available to the Borrower in the amount not to exceed $28,000,000.00.

D. Pursuant to the LSA, the Borrower agreed to execute the Lender's reaffirmation of security agreement.

NOW THEREFORE for value received and intended to be legally bound, the undersigned covenants and agrees as follows:

1. Each of the Borrower and Guarantor acknowledges, agrees and consents to the terms of the LSA and the Obligations. Each of the Borrower and Guarantor, as applicable, agrees to (a) be bound by all agreements, covenants, consents, acknowledgments, representations, warranties and other terms and provisions attributable to any of them pursuant to the LSA; and (b) perform all obligations required of any of them under the LSA.

2. Each of the Borrower and Guarantor acknowledges and agrees that the Security shall constitute, and shall be held by the Lender as, general and continuing collateral security for the payment and fulfilment of all indebtedness, liabilities and obligations, present or future, direct or indirect, contingent or not, matured or not, of the Borrower and Guarantor to the Lender including, without limitation, pursuant to the Guarantee and in respect of the Obligations. Each of the Borrower and Guarantor, as applicable, agrees to (a) be bound by all agreements, covenants, consents, acknowledgments, representations, warranties and other terms and provisions attributable to any of them pursuant to the Security; and (b) perform all obligations required of any of them under the Security.

3. In order to give such effect, each of:

   (i) the Guarantee;
   (ii) RLSA;
   (iii) LSA;
   (iv) the Security; and
   (v) all related documents;

shall be deemed to be amended accordingly and ratified, confirmed and acknowledged to be valid, binding and enforceable against the parties thereto in accordance with their respective terms.

4. Nothing in this Agreement shall release or affect any other party to:

(i) the Guarantee;
(ii) RLSA;
(iii) LSA
(iv) the Security; and
(v) all related documents;

against which all remedies are preserved.

5. Each of the Borrower and Guarantor acknowledges that the Lender is relying on this Agreement in connection with its present and future dealings with the Borrower and the Guarantor.

6. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

7. Each of the Borrower and the Guarantor agrees to execute and deliver such resolutions, legal opinions and other documents requested by Lender as may be necessary or desirable in order to give effect to, and to aid in the exercise and enforcement of the rights and remedies of Lender pursuant to this Agreement, the RLSA, the LSA and the Security.

8. This Agreement may be executed and delivered by facsimile or other electronic means, in any number of counterparts, each of which when executed and delivered shall be an original and all of which shall constitute one and the same agreement.

[SIGNATURE PAGE FOLLOWS]

DATED AS OF THE 1ST OF DECEMBER, 2021

AEGIS BRANDS INC.

By: ***(signed) "Steven Pelton"***
Name: STEVEN PELTON
Title: PRESIDENT CEO.
I have authority to bind the Corporation

BRIDGEHEAD (2000) INC.

By: ***(signed) "Laurie Ouellette"***
Name: LAURIE OUELLETTE
Title: CFO BRIDGEHEAD

I have authority to bind the Corporation

SCHEDULE "A"
DESCRIPTION OF EXISTING SECURITY

Security Provided by the Borrower:

- **General Security Agreement** dated December 7, 2020.
- **Guarantee and Indemnity Agreement** dated December 7, 2020.
- **Confirmation of Security Interests in Intellectual Property** dated December 7, 2020.

Security Provided by Guarantors:

- **General Security Agreement** dated December 7, 2020.
- **Guarantee and Indemnity Agreement** dated December 7, 2020.
- **Assignment and Postponement of Creditor's Claims** dated December 7, 2020.
- **Confirmation of Security Interests in Intellectual Property** dated December 7, 2020.