

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N :

ELA CAPITAL INC.

Applicant

– and –

11157353 CANADA CORPORATION

Respondent

APPLICATION RECORD

February 15, 2023

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TAB 1

Notice of Application returnable February 21, 2023

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N :

ELA CAPITAL INC.

Applicant

– and –

11157353 CANADA CORPORATION

Respondent

**APPLICATION UNDER s. 243 OF THE *BANKRUPTCY AND
INSOLVENCY ACT* (CANADA) AND s. 101 OF THE *COURTS
OF JUSTICE ACT* (ONTARIO)**

NOTICE OF APPLICATION

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following pages.

THIS APPLICATION will come on for a hearing:

- In person
- By telephone conference
- By video conference

at the following location: Video conference details to be uploaded to case lines.

On the 21st day of February, 2023, at 11 am.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer, or where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your other lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: February 15, 2023

Issued by: _____

Local Registrar

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APPLICATION

1. The full factual context and background is set out in the affidavit of Benjamin Trefler sworn February 15, 2023, filed at **tab “2”** of the Applicant’s application record (the “**Trefler Affidavit**”). Capitalized terms not otherwise defined herein have the meaning given to them in the Trefler Affidavit.

THE APPLICANTS MAKE AN APPLICATION FOR THE FOLLOWING ORDERS:

1. a Receivership Order pursuant to sections 243 of the BIA and 101 of the *Courts of Justice Act* (Ontario) on the terms of the draft receivership order included at **tab “3”** of the application record, which, *inter alia*, appoints KSV as the Receiver, without security, of all of the Property of the Respondent, other than Excluded Assets and Excluded Business, including without limitation the Shares; and
2. an Ancillary Order substantially in the form of the draft order included at **tab “5”** of the application record which:
 - a. approves the Sale Process for the Shares;
 - b. authorizes the Receiver to execute and implement, for purposes of constituting the stalking horse bid for the Materia Germany Shares in the Sale Process, the Stalking Horse SPA with the Germany Shares Stalking Horse Bidder;
 - c. approves the KERP with respect to the Manager, and a corresponding KERP Charge over the Property, which is proposed to rank behind the Receiver’s Charge and the Receiver’s Borrowings Charge; and
 - d. seals the terms of the KERP until 30 days after the completion of the Sale Process or further order of this Court.

THE GROUNDS FOR THIS APPLICATION ARE:

a. The parties

2. The Respondent is the parent holding company of the Materia Business. The Respondent has no operations except holding the Shares and employing the Manager to oversee the Materia Business. The Shares are the Respondent's only assets.

3. The Applicant is a secured creditor of the Respondent and its largest shareholder.

b. The Materia Business

4. The Respondent holds all the Shares of Materia Malta, Materia Germany, and Materia UK. Materia Malta operates a fully-licensed MCBP (medical cannabinoid-based products) import, manufacturing and export facility located in Malta. Materia Germany operates a certified MCBP import, labelling and distribution business located in Germany. Materia UK has no operations but has assets.

5. Materia Malta and Materia Germany operate valuable going-concern businesses that employ approximately 5 full-time employees and 8 contractors. Materia Malta and Materia Germany also hold valuable certifications.

c. The Applicant's loans and the Respondent's defaults, insolvency, and consent to enforcement under BIA s. 244

6. The Applicant extended loans to the Respondent pursuant to the Loan Agreements. The obligations of the Respondent to the Applicant are secured by the Security under the Applicant GSA. The Collateral under the Applicant GSA includes the Shares. The Security attached immediately in all the Collateral and has been properly registered under the PPSA.

7. The Respondent is in default under the Loan Agreements as it has failed to repay principal or interest as of the Maturity Date. The Respondent commits a further ongoing default under the Loan Agreements by failing to pay its debts as they become due, including the Kanabo Loans. The Respondent is insolvent.

8. The Respondent owes the Applicant a total of \$3,251,214 under the Loan Agreements as of January 25, 2023.

9. The Respondent executed a consent to enforcement in accordance with section 244 of the BIA.

d. The other secured creditors

10. Apart from the Applicant, there are two other secured creditors of the Respondent: Kanabo and the Germany Shares Stalking Horse Bidder. Both are on notice of the herein application.

e. The proposed Sale Process

11. The Respondent, the Manager and the Applicant, with the assistance of brokers and investment bankers, have actively undertaken extensive sale and investment solicitation efforts with respect to the Materia Business and the Shares since 2021, including the 2021 SISP, the Canadian Subsidiaries SP, and further sale efforts in 2022.

12. Given that the Respondent has no active operations, a sale process is necessary to realize and maximize the value of the Respondent's assets for the benefit of all stakeholders.

13. Considering, *inter alia*, the extensive sale and investment solicitation efforts already undertaken, a 30-day sale process led by an officer of the Court will ensure that the Respondent's value is maximized for stakeholders.

14. The proposed Sale Process is structured to allow potential bidders to bid for the purchase of:
 - a. the Germany Shares, in an amount that is superior to the Stalking Horse SPA;
 - b. the Materia Malta Shares; and/or
 - c. the Materia UK Shares.

15. The proposed Sale Process contemplates the following key milestones and deadlines:
 - a. Pre-marketing stage (s. 9) – As soon as practicable following the granting of the Receivership Order and the Ancillary Order, the Receiver will (i) prepare an initial offering summary, a Teaser Letter, a form of NDA, and a Confidential Information Memorandum, (ii) gather and review all due diligence materials it determines relevant, (iii) establish, populate and administer a secure electronic data room, and (iv) prepare a list of Potential Bidders.
 - b. Marketing stage (s. 10) – As soon as practicable following the granting of the Receivership Order and the Ancillary Order, the Receiver will arrange for the publication of a Notice of the Sale Process in relevant publications and media, and will provide the Teaser Letter and NDA to Potential Bidders.
 - c. Qualified Bidders and Due Diligence (s. 14-19) – Potential Bidders who are interested in participating in the Sale Process will deliver an executed NDA to the Receiver. The Receiver will grant access to the data room to these Qualified Bidders and oversee the due diligence process.
 - d. Submission of Qualified Bids and Bid Offer Deadline (s. 20-27) – Qualified Bidders who wish to bid for all or some of the Shares must submit a Qualified Bid within 30 days of the commencement of the Sale Process. A Qualified Bid must

consist of a Binding APA that complies with the criteria set out in the Sale Process, including without limitation,

- i. for bids with respect to the Materia Germany Shares, the bids must:
 1. be based on and provided with a comparison to the Stalking Horse SPA; and
 2. provide for payment of (i) a minimum incremental amount of \$6,000 in excess of the aggregate purchase price provided under the Stalking Horse SPA, (ii) the Expense Reimbursement, and (iii) Break Fee;
- ii. for all bids, the bid must:
 1. be provided with evidence satisfactory to the Receiver as to the bidder's ability to consummate the proposed Transaction;
 2. be unconditional and not subject to further due diligence;
 3. include a letter of acknowledgement that the bid is irrevocable and open for acceptance until the Receiver closes the Successful Bid(s), and that the contemplated Transaction will be on an "as is, where is" basis;
 4. provide a deposit of no less than 15% of the Purchase Price offered;
 5. contemplate closing within 5 business days of the Approval and Vesting Order; and
 6. comply with the further information set out in the Sale Process terms or that may be required by the Receiver;

- e. Consideration of the Binding APAs and Auction (s. 28-38) – The Receiver will exercise its reasonable discretion to evaluate all Binding APAs based upon the criteria set out in the Sale Process. Those criteria include, without limitation, the total consideration offered and factors affecting the speed and certainty of closing. If no Binding APA is received for the Matera Germany Shares other than the Stalking Horse SPA, then the Stalking Horse SPA will be deemed the Successful Bid for the Matera Germany Shares. If multiple Binding APAs are received for the same Shares, the Receiver may hold an Auction to determine the Successful Bid. After selecting the Successful Bid(s), the Receiver may elect to have Backup Bid(s) in the event that a Successful Bid does not close.
- f. Court approval (s. 42-46) – As soon as reasonably practicable following the selection of the Successful Bid(s), the Receiver will bring a motion for an Approval and Vesting Order; and
- g. Closing of successful Transaction(s) (s. 6) – Closing will occur as soon as reasonably practicable, and in any event within 5 business days, after the granting of the Approval and Vesting Order.

16. The proposed Sale Process is fair, reasonable, just, convenient, and in the interest of stakeholders.

f. The Stalking Horse SPA

17. The Applicant, the Receiver and the Matera Germany Shares Stalking Horse Bidder have negotiated the Stalking Horse SPA. The Applicant seeks Court approval of the Stalking Horse SPA for purposes of constituting the stalking horse bid for the Matera Germany Shares in the Sale Process. The presence of the Stalking Horse SPA in the Sale Process will benefit the Sale Process

by, *inter alia*, stimulating market interest and competition for the Shares by confirming that there is already a committed buyer. This is in the interest of stakeholders.

18. The main terms of the Stalking Horse SPA are as follows:

- a. Purchase Price (s. 2.2, 2.3) – €400,000, payable through a credit of the Matera Debt (being approximately €309,089 owing under the Crawford Loan Agreement and the December Promissory Note as of January 30, 2023) and a portion of the Receiver Debt (being the Receivership Financing amounts borrowed by the Receiver from the Germany Shares Stalking Horse Bidder under the Receiver’s Borrowings Charge, as further discussed below).
- b. “As is, where is” (s. 3.3) – the Purchased Shares are being purchased on an “as is, where is” basis as they exist at Closing.
- c. Target Closing Date (s. 4.1) – 5 Business Days following the Approval and Vesting Order.
- d. Conditions to Closing (s. 6.1) – generally, that the Stalking Horse SPA be the Successful Bid for the Matera Germany Shares, and that a final Approval and Vesting Order be granted in respect of the transaction.
- e. Expense Reimbursement and Break Fee (s. 7.3) – if the Stalking Horse SPA is not the transaction completed by the Receiver for the Matera Germany Shares at the conclusion of the Sale Process, the Germany Shares Stalking Horse Bidder will be entitled to (i) an Expense Reimbursement in the maximum amount of C\$25,000, and (ii) a C\$20,000 Break Fee.

19. The terms of the Stalking Horse SPA, including the Purchase Price, the Expense Reimbursement and the Break Fee, are fair and reasonable.

g. The KERP, KERP Charge and sealing order

20. The KERP and the KERP Charge are intended to allow the Respondent to continue to employ the Manager and to pay him the compensation set out in the KERP. The Manager's knowledge and expertise will be essential during the receivership and Sale Process, particularly where the Receiver is not taking Possession of certain cannabis-related Excluded Assets and Excluded Business. But for the approval of the KERP and the KERP Charge, the Manager would resign. The KERP is therefore necessary, fair, reasonable, and in the interest of stakeholders.

21. The sought KERP Charge is proposed to rank below the Receiver's Charge and the Receivers' Borrowings Charge. The KERP Charge does not represent a large amount relative to the Respondent's other liabilities, but is necessary to provide the Manager with security that the amounts due under the KERP will be paid. The KERP Charge is therefore necessary and reasonable.

22. The sealing order sought is with respect to the terms of the KERP, which contain confidential information, the disclosure of which would cause a prejudice and no benefit. The sealing order sought is limited in time to 30 days following the conclusion of the Sale Process without the need for a further Court Order. The sealing order sought meets the applicable legal test articulated by the Supreme Court of Canada in *Sherman Estate*.

h. Financing of the receivership proceeding and Materia Business during the proposed receivership

23. The Respondent has exhausted its available financing options. Accordingly, there is no form of lending or investment reasonably available other than on the basis of a prior-ranking charge.

24. The Germany Shares Stalking Horse Bidder and the Applicant have agreed to collectively make up to €400,000 available to the Receiver as the Receivership Financing in order to finance: (i) the costs of these receivership proceedings; (ii) the ongoing operations of Materia Malta and Materia Germany during the Sale Process; and (iii) the KERP. The Receivership Financing is anticipated to be sufficient to finance these costs until the closing of the Successful Bid(s) transaction(s) in the Sale Process.

25. The Receivership Financing will be provided under “Receiver’s Certificates” and secured by the Receiver’s Borrowings Charge. It is proposed that the Receiver’s Borrowings Charge will be a second-ranking priority charge, ranking behind the Receiver’s Charge but ahead of the KERP Charge.

26. The Receivership Financing is necessary to allow the receivership and the Sale Process to proceed in the interest of stakeholders. The continued operation of Materia Germany and Materia Malta will preserve their businesses and the corresponding value of the Shares for stakeholders.

i. Relief sought is necessary, just, convenient, and in the interest of stakeholders

27. For all the reasons set out above and in the Trefler Affidavit, the Receivership Order and the Ancillary Order provide for a necessary, reasonable, fair, and convenient relief that is in the best interest of stakeholders of the Respondent, Materia Malta, and Materia Germany.

j. Statutory provisions

28. The *Courts of Justice Act*, [R.S.O. 1990, c. C.43](#), including ss. 101, 106 and 137(2);

29. the *Bankruptcy and Insolvency Act*, [R.S.C. 1985, c. B-3](#), including ss. 243 and 244;

30. the *Rules of Civil Procedure*, [R.R.O. 1990, Reg. 194](#), including Rules 1.04, 2.03, 3.02, and 14.05(3)(g);
31. the inherent jurisdiction of this Court; and
32. such further and other grounds as counsel may advise and this Honorable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

1. the Trefler Affidavit and the Exhibits thereto;
2. the pre-filing report of the Receiver;
3. the consent of KSV Restructuring Inc. to act as Receiver; and
4. such further and other materials as counsel may advise and this Honorable Court may permit.

February 15, 2023

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ELA CAPITAL INC.

and

11157353 CANADA CORPORATION

Applicant

Respondent

COURTS OF JUSTICE ACT
SUPERIOR COURT OF JUSTICE
Proceedings commenced at Toronto

NOTICE OF APPLICATION
(Receivership Order and other relief)

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TAB 2

Affidavit of Benjamin Trefler sworn February 15th, 2023

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N :

ELA CAPITAL INC.

Applicant

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11157353 CANADA CORPORATION

Respondent

THE AFFIDAVIT OF BENJAMIN TREFLER
(sworn February 15, 2023)

I, **BENJAMIN TREFLER**, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am the Head of Investments of the Applicant. Accordingly, I have personal knowledge of the facts set out herein. Where I have relied on information from others, I state the source of such information and verily believe it to be true.

I. RELIEF SOUGHT

2. I swear this affidavit in support of the Applicant's application for:

- a. a receivership order pursuant to sections 243 of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and 101 of the *Courts of Justice Act*

(Ontario) on the terms of the draft receivership order included at tab “3” of the application record (the “**Receivership Order**”), which, *inter alia*, appoints KSV Restructuring Inc. (“**KSV**”) as receiver and manager (in such proposed capacity, the “**Receiver**”), without security, of all of the assets, undertakings and properties of the Respondent (other than certain excluded cannabis assets and business) (the “**Property**”), including without limitation the Materia Germany Shares, the Materia Malta Shares, and the Materia UK Shares (each term as defined below, and together the “**Shares**”);

- b. an order substantially in the form of the draft order included at tab “5” of the application record (the “**Ancillary Order**”), which:
 - i. approves a sale process, which includes a “stalking horse” bid for the Materia Germany Shares, in order to solicit interest in purchasing the Shares (the “**Sale Process**”);
 - ii. authorizes the Receiver to execute and implement, for purposes of constituting the stalking horse bid for the Materia Germany Shares in the Sale Process, the proposed stalking horse share purchase agreement (the “**Stalking Horse SPA**”) between the Receiver, as seller, and Reflourish Capital Limited, as purchaser (the “**Germany Shares Stalking Horse Bidder**”);
 - iii. approves a key employee retention plan (the “**KERP**”) with respect to the Respondent’s current Managing Director and sole employee (the “**Manager**”), and a corresponding charge over the Property to

- secure the amounts payable to the Manager under the KERP (the “**KERP Charge**”). The KERP Charge is proposed to rank behind the Receiver’s Charge and the Receiver’s Borrowings Charge (as those terms are defined in the Receivership Order); and
- iv. seals the terms of the KERP until 30 days after the completion of the Sale Process or further order of this Court.

II. OVERVIEW

a. The relief sought is a turnkey sale process that will preserve and maximize value for stakeholders

3. The Shares are the Respondent’s only assets. The Respondent engages in no other business activity or operations. Accordingly, the Respondent’s assets need to be liquidated in a manner that will maximize recovery for creditors.

4. The relief sought by the Applicant will:

- a. preserve the going-concern operations of the Materia Malta and Materia Germany businesses during the Sale Process for the benefit of stakeholders thereof (including employees, customers, suppliers, and creditors) by enabling the Receivership Financing (defined below) which is to be advanced by the Germany Shares Stalking Horse Bidder and the Applicant; and
- b. maximize the value of the Shares for the Respondent’s stakeholders, including secured creditors, through a sale process comprising of a stalking

horse agreement that will stimulate interest and provide market exposure for the Shares.

5. I am advised that the only conceivable alternative to the sale process proposed by the Applicant is a sale of the Shares in a bankruptcy. I am further advised and I believe that a bankruptcy presents no advantage and would have material adverse effects on the stakeholders of the Respondent, Materia Malta, and Materia Germany. For example, there is risk that a trustee-in-bankruptcy could not finance a comprehensive sale process for the Shares or finance the operational expenses incurred by Materia Malta and Materia Germany during the bankruptcy. This would result in a lower recovery on the Shares, the potential failure of the Materia Malta and Materia Germany businesses, and losses for all stakeholders generally.

b. The Receivership Order is just and convenient

6. The Applicant is a secured creditor of the Respondent. The Respondent is in default under all its loan agreements with the Applicant. The Respondent owes the Applicant the amount of \$3,251,214 as of January 25, 2023.

7. The Respondent generates no income. It is unable to meet its debts as they generally become due. The Respondent consents to enforcement under BIA s. 244. KSV consents to its appointment as Receiver.

8. I am advised that the Receivership Order sought is in substantial accordance with the Commercial List model receivership order. It allows the Receivership Financing to be advanced by the Germany Stalking Horse Bidder and the Applicant under the Receiver's

Borrowings Charge (as defined in the Receivership Order), as further discussed below. The Receivership Financing will preserve the going concern nature of the Materia Malta and Materia Germany businesses during the Sale Process and protect the value of the Shares.

c. The terms of the Sale Process, the Stalking Horse SPA, and the KERP are just and convenient, fair and reasonable, and in the interest of stakeholders

9. The Sale Process is intended to broadly canvass the market to maximize the value of the Shares for stakeholders. The Sale Process involves a stalking horse bid for the Materia Germany Shares. The Materia UK Shares and the Materia Malta Shares will also be marketed (without a stalking horse bid) by the Receiver in the Sale Process.

10. The Stalking Horse SPA ensures that value will be realized on the Materia Germany Shares for stakeholders. It will stimulate market interest and allow the Receiver to attempt to identify superior transactions, if any. The terms of the Stalking Horse SPA, including the break fee provided, are fair and reasonable.

11. The proposed KERP and KERP Charge is required for the Manager's continued involvement with the Respondent, which is critical for sustaining the operations of the Materia Business (defined below) and assisting the Receiver during the Sale Process. The KERP Charge is necessary to secure the payments under the KERP. Accordingly, the proposed KERP and KERP Charge are necessary, fair and reasonable.

12. I therefore believe that the relief sought on this application is just, convenient, necessary, fair and reasonable, and in the interest of stakeholders.

III. THE PARTIES TO THIS APPLICATION

a. The Respondent

13. The Respondent is one of five companies that do business under the name “Materia” in Canada, Malta, Germany, and the United Kingdom (the “**Materia Business**”). It is a corporation incorporated under the laws of Canada with its registered head office located in Toronto, Ontario. A corporation profile report for the Respondent is attached as **Exhibit “A”**.

14. The Respondent is a holding company owning all the issued and outstanding shares of:

- a. Materia Ventures Malta Ltd., a corporation incorporated pursuant to the laws of the Republic of Malta (“**Materia Malta**”, and such shares, the “**Materia Malta Shares**”);
- b. Materia Deutschland GmbH, a corporation incorporated pursuant to the laws of the Federal Republic of Germany (“**Materia Germany**”, and such shares, the “**Materia Germany Shares**”); and
- c. Handpicked CBD Limited and Kara Wellness Limited, corporations incorporated pursuant to the laws of the United Kingdom (together “**Materia UK**”, and such shares, the “**Materia UK Shares**”).

15. The Respondent has no operations except holding the Shares and employing the Manager as interim General Manager to oversee the operations of the Materia Business, including the European operations further described below.

b. The Applicant

16. The Applicant is a corporation incorporated under the laws of Canada with its registered head office located in Brampton, Ontario. A copy of a corporation profile report for the Applicant is attached as **Exhibit “B”**.

17. The Applicant is one of three secured creditors of the Respondent. The other two are Kanabo Group Plc (“**Kanabo**”) and the Germany Shares Stalking Horse Bidder.

18. The Applicant is also the Respondent’s largest shareholder, holding approximately 25% of the issued and outstanding common shares of the Respondent.

IV. OVERVIEW OF THE MATERIA BUSINESS AND HOW THE PROPOSED RECEIVERSHIP WILL PRESERVE MATERIA MALTA AND MATERIA GERMANY AS GOING-CONCERNS

a. Canadian arm

19. The Respondent is one of three companies that operated under the Canadian arm of the Materia Business. The other two Canadian companies, 11157337 Canada Corp. and H12 Brands Inc. (collectively, the “**Canadian Subsidiaries**”), were wholly-owned subsidiaries of the Respondent. The Canadian Subsidiaries are now bankrupt following a sale of their assets pursuant to an approval and vesting order obtained during a notice of intention to make a proposal proceeding under the BIA.

20. The Respondent was incorporated to serve as a holding company for the shares of the Canadian Subsidiaries, Materia Malta, Materia Germany and Materia UK. The Respondent was also incorporated to serve as a parent corporate vehicle to hold and redistribute funds raised from external investors by way of loans and equity investments,

and to redistribute those funds to Materia Germany and Materia Malta through intercompany loans as required to finance their investments and operations.

21. The Respondent has no revenue-generating operations. It only holds the Shares and employs one individual, the Manager, to oversee the activities of the Materia Business in Europe. The Respondent's only assets are the Shares.

b. Materia UK

22. Materia UK was originally planned as a United Kingdom branch for the Materia Business. However, the Respondent suspended its investments in Materia UK due to challenging market conditions.

23. Materia UK has no operations but it is not without assets or value. Handpicked CBD Limited owns technology infrastructure, including an e-commerce website, as well as a customer list. Kara Wellness Limited has banking arrangements with Barclays, which is valuable given that it is difficult to access first-tier banking in the United Kingdom.

24. Several parties have expressed to the Applicant an interest in potentially acquiring the Materia UK Shares in order to benefit from the technology infrastructure, customer list and banking arrangements. Accordingly, I believe that the Materia UK Shares have value that can be realized for the benefit of the Respondent's stakeholders.

c. Materia Malta and Materia Germany

i. Materia Malta

25. Materia Malta owns and operates a fully licensed medical cannabinoid-based products (“**MCBP**”) import, manufacturing and export facility located in Malta. The Malta factory is certified in accordance with the European Union (“**EU**”) Good Manufacturing Practice (“**GMP**”) certification. Materia Malta employs approximately 4 full-time employees and 5 contractors.

26. Materia Malta imports cannabis flowers from international sellers and converts them into EU-GMP-certified MCBP. Materia Malta then sells those products to Materia Germany for distribution to a network of German pharmacies.

27. The Maltese facility is one of only a small number of European facilities able to process cannabis flower from non-EU-GMP-certified suppliers into EU-GMP-certified MCBP for sale in Europe. Materia Malta began sales in December 2021.

ii. Materia Germany

28. Materia Germany owns and operates an MCBP import, labelling and distribution business located in Germany. Materia Germany is certified in accordance with EU-GMP and European Good Distribution Practices (“**GDP**”) certification. Materia Germany employs approximately 1 full-time employee and 3 contractors.

29. Materia Germany imports, labels, sells and distributes the MCBP to a network of German pharmacies in accordance with, among other things, the applicable EU Qualified Person rules and regulations. Materia Germany began to register sales around June 2020.

iii. The Receivership Order allows the preservation of Materia Malta and Materia Germany as going-concern operations

30. Materia Malta and Materia Germany operate valuable going-concern businesses that employ approximately 5 full-time employees and 8 contractors. Those businesses have stakeholders including these employees and contractors as well as customers, suppliers and creditors.

31. Materia Malta and Materia Germany also hold valuable certifications. EU-GMP and EU-GDP certifications are a significant barrier to entry to the European MCBP market. EU-GMP certification is the global gold standard for pharmaceutical manufacturing. Such certification is mandatory for medical products sold in Europe. Other countries have also adopted the EU-GMP standard, such as Brazil. EU-GDP is required for the import of medicinal products from within the European Union as well as the sale and distribution of such products to customers such as wholesalers or pharmacies.

32. Acquiring the EU-GMP certification requires a facility with a pharma-grade quality management system and rigorous standard operating procedures and policies. Obtaining the certification requires years of work, including the stringent certification process itself, and substantial investments. This includes regular ongoing maintenance and activities such as internal audits. To date, more than \$15M has been invested in the Materia Business, including from the Applicant.

33. There is no source of funds reasonably available to the Respondent other than interim financing on the basis of a prior-ranking charge. Such financing is required to finance the operational expenses of Materia Malta and Materia Germany until the

completion of the Sale Process, in order to protect the going-concerns and the certifications in the interest of stakeholders. As more fully discussed below, the Receivership Order sought permits such interim financing by allowing the Receiver to access the Receivership Financing under the Receiver's Borrowings Charge.

V. THE APPLICANT'S INVOLVEMENT WITH MATERIA AND MATERIA'S FINANCIAL DIFFICULTIES

34. The Applicant has made significant investments in the Materia Business through equity investments and secured loans to the Respondent. These investments are described below.

a. The Applicant's 2021 equity investment in the Respondent

35. Commencing in 2019, the Applicant began purchasing shares of the Respondent from other shareholders.

36. Around Q1 of 2021, the Applicant subscribed for 1,190,476 common shares of the Respondent for \$500,000. In connection with this share subscription, a representative of the Applicant was appointed to the Respondent's board of directors.

37. Thereafter, the Applicant continued to subscribe to additional shares of the Respondent and to purchase shares from other shareholders. The Applicant is currently the Respondent's largest shareholder, holding approximately 25% of the issued and outstanding common shares of the Respondent.

b. The Applicant's secured loans to the Respondent

38. In addition to its equity investment, the Applicant financed the Respondent through the following loan agreements (together, the "**Loan Agreements**"):

- a. an unsecured (but subsequently secured) loan agreement dated June 4, 2021 (the "**June 2021 Loan Agreement**"), which provides for a maximum borrowing amount of \$1,100,001;
- b. a secured loan agreement dated November 4, 2021 (the "**November 2021 Loan Agreement**"), which provides for a maximum borrowing amount of \$500,000; and
- c. a secured loan agreement dated March 9, 2022 (the "**2022 Loan Agreement**"), as amended, which provides for a maximum borrowing amount of \$1,195,495.

39. A copy of the June 2021 Loan Agreement, the November 2021 Loan Agreement, and the 2022 Loan Agreement are respectively attached as **Exhibits "C", "D" and "E"**. The Loan Agreements contain substantially the same terms.

40. The Respondent drew the maximum borrowing amount under each of the Loan Agreements, totalling \$2,795,496 in principal. Interest accrues under each of the Loan Agreements at the rate of 12.5% per annum.¹ The Loan Agreements provided for a share conversion mechanism, but none of the amounts advanced under the Loan Agreements were converted to shares.

¹ See s. 5.1 of the June 2021 Loan Agreement and s. 6.1 of each of the other Loan Agreements.

41. The Respondent also provided the Applicant with a loan of \$67,000 pursuant to a promissory note dated September 15, 2022. A copy of that promissory note is attached as **Exhibit “F”**.

c. The Applicant’s security

42. The Applicant originally extended the June 2021 Loan Agreement on an unsecured basis. However, subsequently, on November 4, 2021, the Applicant and Respondent executed a general security agreement (the “**Applicant GSA**”) that secured all of the Respondent’s present and future obligations to the Applicant, including the obligations under both the June 2021 Loan Agreement and the November 2021 Loan Agreement.² A copy of the Applicant GSA is attached as **Exhibit “G”**.

43. Pursuant to the Applicant GSA, all of the Respondent’s present and future obligations to the Applicant are secured by way of a security interest (the “**Security**”) in all present, future and after-acquired property, assets and undertakings of the Respondent and proceeds thereof (the “**Collateral**”).³ The Collateral includes the Shares. The Security attached immediately in all the Collateral.⁴

44. The Security was registered under the *Personal Property Security Act* (Ontario) (“**PPSA**”) in file number 778069836 on November 9, 2021. A copy of a PPSA summary for the Respondent is attached as **Exhibit “H”**.

² See s. 5 and 18 of the Applicant GSA.

³ See s. 10 of the GSA.

⁴ See s. 14(c) of the GSA.

d. Defaults under the Applicant's Loan Agreements

45. The Respondent is in default under the Loan Agreements as it has failed to repay the Applicant for the amounts owed under the June 2021 Loan Agreement and the November 2021 Loan Agreement as of their Maturity Date.⁵ In particular:

- a. the "Maturity Date" under the June 2021 Loan Agreement was on or around July 2, 2022;⁶ and
- b. the "Maturity Date" under the November 2021 Loan Agreement was on or around November 24, 2022.⁷

46. The Respondent commits a further ongoing default under the Loan Agreements by failing to pay its debts as they become due.⁸ In addition to the above unpaid amounts, I am informed by Kanabo that the Respondent is also in default under the Kanabo Loans (defined and discussed below).

e. Demand by the Applicant and s. 244 notices

47. Pursuant to each of the Loan Agreements, upon an event of default, all principal and accrued interest becomes due and payable.⁹

48. On January 25, 2023, the Applicant sent a demand letter, including notice of acceleration, to the Respondent (the "**Demand Letter**"). The Demand Letter demanded

⁵ See s. 13.1 of the June 2021 Loan Agreement and s. 14.1 of the other Loan Agreements.

⁶ Being 1 year following the most recent tranche advance, which occurred on or around July 2, 2021. See s. 6.1 of the June 2021 Loan Agreement.

⁷ Being 1 year following the Second Drawdown (as defined in the November 2021 Loan Agreement), which occurred on or around November 24, 2021. See s. 7.1 of the November 2021 Loan Agreement.

⁸ See s. 13.5.3 of the June 2021 Loan Agreement and s. 14.5.3 of the other Loan Agreements.

⁹ See s. 15.1.2 of the November 2021 Loan Agreement and s. 14.1.2 of the other Loan Agreements.

payment for all amounts outstanding and payable under the Loan Agreements, including interest and acceleration, totalling \$3,251,214 as of January 25, 2023.

49. The Demand Letter also enclosed a notice of intention to enforce security under section 244 of the BIA (the “**BIA Notice**”). A copy of the Demand Letter and BIA Notice is attached as **Exhibit “I”**.

50. The Respondent executed a consent to enforcement in accordance with section 244 of the BIA. A copy of the Respondent’s executed consent appears on the Demand Letter and BIA Notice (Exhibit “I”).

VI. OTHER SECURED CREDITORS

51. Apart from the Applicant, there are two other secured creditors of the Respondent: Kanabo and the Germany Shares Stalking Horse Bidder.

a. Kanabo

52. The Kanabo loans are documented at Schedule “D” and “E” to a term sheet between the Respondent, Kanabo and the Applicant (the “**Kanabo Term Sheet**”). Pursuant to the Kanabo Term sheet, Kanabo extended two \$500,000 loans to the Respondent (together, the “**Kanabo Loans**”). The Kanabo Loans were repayable as of December 30, 2022. A copy of the relevant Schedules of the Kanabo Term Sheet, as amended, are attached together as **Exhibit “J”**.

53. The Kanabo Loans are secured pursuant to a general security agreement dated November 4, 2021 (the “**Kanabo GSA**”). The Kanabo GSA was registered under the

PPSA in file number 778069917 on November 9, 2021 (see the PPSA summary for the Respondent, Exhibit “H”). A copy of the Kanabo GSA is attached as **Exhibit “K”**.

b. The Germany Shares Stalking Horse Bidder

i. Mr. Crawford assigned his loans to the Germany Shares Stalking Horse Bidder

54. The Germany Shares Stalking Horse Bidder is a secured creditor of the Respondent following the assignment of the secured loans held by its principal, Mr. Alastair Crawford (“**Mr. Crawford**”), against the Respondent.

55. As a result of the Respondent’s sale and investment solicitation efforts further discussed below, the Respondent entered into a non-binding term sheet dated October 28, 2022 with respect to a contemplated investment transaction with Flourish GmbH (“**Flourish**”), a German cannabis company whose principal is also Mr. Crawford (the “**Flourish Term Sheet**”).

56. To assist with the Respondent’s urgent financing needs while Flourish discussed the potential transaction with its investment partners, Mr. Crawford personally extended several loans to the Respondent, as follows:

- a. a €100,000 loan for which the Respondent gave Mr. Crawford a promissory note dated October 28, 2022;
- b. a €125,000 loan pursuant to a loan agreement dated November 24, 2022;
and
- c. a €67,000 loan pursuant to an amendment agreement dated January 10, 2023 (together, the “**Crawford Loan Agreement**”).

57. A copy of the Crawford Loan Agreement is attached as **Exhibit “L”**.

58. Mr. Crawford also extended a €22,875 loan to the Respondent for which the Respondent provided a promissory note dated December 9, 2022 (“**December Promissory Note**”). A copy of the December Promissory Note is attached as **Exhibit “M”**.

59. Approximately €309,089 is owing by the Respondent under the Crawford Loan Agreement and the December Promissory Note collectively, inclusive of interest, as of January 30, 2023.

ii. The Crawford Pledge Agreement

60. In connection with the Crawford Loan Agreement, the Respondent and Mr. Crawford entered into a pledge agreement dated November 24, 2022 (the “**Crawford Pledge Agreement**”). Under the Crawford Pledge Agreement, the Respondent granted Mr. Crawford a security interest in the Materia Germany Shares securing its obligations under the Crawford Loan Agreement (the “**Crawford Security**”). A copy of the Crawford Pledge Agreement is attached as **Exhibit “N”**.

61. The Crawford Security was registered under the PPSA in file number 790453341 on February 1, 2023 (see the PPSA summary for the Respondent, Exhibit “H”).

iii. The assignment of the Crawford Loan Agreement and the Crawford Security to the Germany Shares Stalking Horse Bidder

62. Mr. Crawford assigned the Crawford Loan Agreement, the December Promissory Note, and the Crawford Pledge Agreement to the Germany Shares Stalking Horse Bidder pursuant to an assignment agreement dated February 14, 2023. A PPSA registration was

made on February 1, 2023 to reflect such assignment (see the PPSA summary for the Respondent, Exhibit “H”).

VII. PRIOR SALE AND INVESTMENT SOLICITATION PROCESSES

63. The Respondent, the Manager and the Applicant have made substantial efforts since April 2021 to solicit interest for a sale of or investment in the Respondent and the Materia Business. These extensive efforts have successfully led to the Stalking Horse SPA, as further discussed below, and have thoroughly canvassed the market to allow the Sale Process to run efficiently.

a. The 2021 SISP

64. In and around April 2021, the Respondent and the Applicant began the first formal sale and investment solicitation process for the Materia Business (the “**2021 SISP**”).

65. The Respondent retained ATB Capital Markets Inc. (“**ATB**”), an investment banking firm, to implement the 2021 SISP. The Respondent and ATB contacted 85 companies, prepared and disseminated a confidential information circular, and populated an electronic data room.

66. The 2021 SISP lasted four months. It resulted in the identification of 85 prospective purchasers, the execution of 25 confidentiality agreements, the granting of access to the data room to 19 interested parties, and the negotiation of three term sheets.

67. Only one of the draft terms sheets was executed, which is the Kanabo Term Sheet. The Kanabo Term Sheet did not ultimately conclude in a purchase transaction, but it allowed the Respondent to secure the Kanabo Loans, discussed above.

b. The Canadian Subsidiaries sale process

68. After the 2021 SISP ended with no transaction for the Materia Business, the Respondent, ATB and the Applicant commenced another solicitation process focused on the assets of the Canadian Subsidiaries (the “**Canadian Subsidiaries SP**”). At that time, the Canadian Subsidiaries operated a business consisting of the development and licensing of a portfolio of brands for the cannabis industry.

69. During the Canadian Subsidiaries SP, ATB, the Respondent and the Applicant prepared a confidential information circular, a brand booklet, and other marketing materials. The Respondent, the Applicant and ATB contacted a total of 16 potential purchasers, including companies contacted during the 2021 SISP. The Canadian Subsidiaries SP resulted in one expression of interest. The parties successfully negotiated a transaction for the assets of the Canadian Subsidiaries.

70. To implement the transaction, the Canadian Subsidiaries filed a notice of intention to make a proposal under the BIA. The Canadian Subsidiaries applied for an approval and vesting order with respect to the transaction. The Court was satisfied of the pre-filing sale efforts and granted the approval and vesting order on December 7, 2021. A copy of the approval and vesting order is attached as **Exhibit “O”**. The Canadian Subsidiaries were subsequently assigned in bankruptcy.

c. Further sale efforts in 2022 leading to the Stalking Horse SPA

71. In 2022, after the successful Canadian Subsidiaries SP, the Applicant and the Respondent commenced a new sale and investment solicitation process with respect to the broader Materia Business. They engaged five brokers specialized in the cannabis industry: ATB, Sasha Kaplun, Aaron Salz, Tristan Gervais and Hyde Advisory & Investments. The brokers contacted the same list of potentially interested parties from the 2021 SISP, as well as approximately 30 more potential investors and acquirers.

72. The Respondent received three term sheet offers from a UK cannabis company, a publicly-traded pharmaceutical group of companies, and Flourish. The Respondent ultimately entered into the Flourish Term Sheet, as discussed above, on October 28, 2022.

73. On December 23, 2022, Mr. Crawford advised that the transaction contemplated in the Flourish Term Sheet would not proceed because Mr. Crawford and his main investment partners could not agree on the main terms of a final transaction. However, the parties resumed negotiations in January 2023 with respect to the Materia Germany Shares, which resulted in the Stalking Horse SPA.

d. Ongoing sale efforts

74. The Respondent, the Manager and the Applicant have been actively continuing their sale efforts with respect to the Materia Malta Shares and the Materia UK Shares since December 2022. The Respondent and Applicant remain in ongoing discussions with several potentially interested parties and will invite those parties to participate in the Sale Process. I believe that those parties are likely to consider making offers in the Sale Process.

VIII. THE STALKING HORSE SPA

75. The Applicant and the Germany Shares Stalking Horse Bidder, with the assistance of their respective counsel as well as the Receiver and its counsel, have negotiated the Stalking Horse SPA. A copy of the Stalking Horse SPA is attached as **Exhibit “P”**.

76. The Applicant seeks Court approval of the Stalking Horse SPA for purposes of constituting the stalking horse bid for the Materia Germany Shares in the Sale Process.

77. The Stalking Horse SPA is an agreement among the Receiver, as seller, and the Germany Shares Stalking Horse Bidder, as purchaser, with respect to the sale of the Materia Germany Shares. The Receiver’s execution of the Stalking Horse SPA remains subject to Court approval.

78. The main terms of the Stalking Horse SPA are as follows (capitalized terms not otherwise defined have the meaning given to them in the Stalking Horse SPA):

- a. Purchase Price (s. 2.2, 2.3) – €400,000, payable through a credit of the Materia Debt (being approximately €309,089 owing under the Crawford Loan Agreement and the December Promissory Note as of January 30, 2023) and a portion of the Receiver Debt (being the Receivership Financing amounts borrowed by the Receiver from the Germany Shares Stalking Horse Bidder under the Receiver’s Borrowings Charge, as further discussed below).
- b. “As is, where is” (s. 3.3) – the Purchased Shares are being purchased on an “as is, where is” basis as they exist at Closing.

- c. Target Closing Date (s. 4.1) – 5 Business Days following the Approval and Vesting Order.
- d. Conditions to Closing (s. 6.1) – the conditions include that the Stalking Horse SPA be the Successful Bid for the Matera Germany Shares, and that a final Approval and Vesting Order be granted in respect of the transaction.
- e. Expense Reimbursement and Break Fee (s. 7.3) – if the Stalking Horse SPA is not the transaction concluded by the Receiver for the Matera Germany Shares at the conclusion of the Sale Process, the Germany Shares Stalking Horse Bidder will be entitled to (i) a reimbursement of its reasonable fees and disbursements relating to the preparation and execution of the Stalking Horse SPA in the maximum amount of C\$25,000 (the “**Expense Reimbursement**”), and (ii) a C\$20,000 break fee (inclusive of HST, if any) (the “**Break Fee**”).

79. I believe that the terms of the Stalking Horse SPA, including the Purchase Price, are fair and reasonable in the circumstances. The Applicant believes that the Stalking Horse SPA represents a satisfactory monetization of the Matera Germany Shares should it constitute a Successful Bid at the conclusion of the Sale Process.

80. I understand that the Receiver is satisfied that the German Shares Stalking Horse Bidder may validly make a credit bid with respect to the Matera Debt as part of its payment of the Purchase Price under the Stalking Horse SPA, as will be more fully set out in the pre-filing report of the Receiver.

81. I believe that the presence of the Stalking Horse SPA in the Sale Process is in the interest of stakeholders. The Stalking Horse SPA will stimulate market interest and competition for the Shares by confirming that there is already a committed buyer. It will also enhance the efficiency of the Sale Process by “weeding out” inferior bids and providing an objective basis for the valuation of the Matera Germany Shares.

82. The Applicant also believes that the Break Fee and the Expense Reimbursement are fair and reasonable. The Break Fee and the Expense Reimbursement are only payable if the Stalking Horse SPA is not a Successful Bid at the conclusion of the Sale Process. The Break Fee represents approximately 3.5% of the Purchase Price (converted to Canadian Dollars) under the Stalking Horse SPA and the Expense Reimbursement provision refers to amounts actually incurred with a cap of C\$25,000. The Break Fee and the Expense Reimbursement are a requirement of the Germany Shares Stalking Horse Bidder which was extensively negotiated. The Break Fee and the Expense Reimbursement are intended to reflect the Germany Shares Stalking Horse Bidder’s commitment and the value that the Stalking Horse SPA brings to the Sale Process.

83. Overall, I believe that the Stalking Horse SPA should be approved for purposes of constituting the stalking horse bid for the Matera Germany Shares in the Sale Process.

84. For clarity, the Applicant does not seek the Court’s approval of the transaction contemplated in the Stalking Horse SPA at this time. A separate motion will be brought upon the conclusion of the Sale Process for an approval and vesting order with respect to the Successful Transaction(s) (as defined in the Sale Process).

IX. THE PROPOSED SALE PROCESS TERMS

85. Given that the Respondent has no active operations, the Applicant believes that a sale process is necessary to realize and maximize the value of the Respondent's assets for the benefit of all stakeholders.

86. In addition to the extensive sale and investment solicitation efforts already undertaken, the Applicant believes that a sale process led by an officer of the Court will ensure that the Respondent's value is maximized for stakeholders.

87. Accordingly, the Applicant, in consultation with its advisors and the Receiver, prepared the Sale Process. The proposed Sale Process is appended as Schedule 'A' to the draft Ancillary Order provided at Tab 5 of the application record.

88. As seen above, the Stalking Horse SPA will act as the "floor price" for the Materia Germany Shares in the Sale Process. Accordingly, the Sale Process is structured to allow potential bidders to bid for the purchase of:

- a. the Germany Shares, in an amount that is superior to the Stalking Horse SPA;
- b. the Materia Malta Shares; and/or
- c. the Materia UK Shares.

89. The proposed Sale Process contemplates the following key milestones and deadlines (capitalized terms used below and not otherwise defined have the meaning given to them in the Sale Process):

- a. Pre-marketing stage (s. 9) – As soon as practicable following the granting of the Receivership Order and the Ancillary Order, the Receiver will (i) prepare an initial offering summary, a Teaser Letter, a form of NDA, and a Confidential Information Memorandum, (ii) gather and review all due diligence materials it determines relevant, (iii) establish, populate and administer a secure electronic data room, and (iv) prepare a list of Potential Bidders.
- b. Marketing stage (s. 10) – As soon as practicable following the granting of the Receivership Order and the Ancillary Order, the Receiver will arrange for the publication of a Notice of the Sale Process in relevant publications and media, and will provide the Teaser Letter and NDA to Potential Bidders.
- c. Bidder participation requirements (s. 14-18) – Potential Bidders who are interested in participating in the Sale Process will deliver an executed NDA to the Receiver. Those Potential Bidders who provided an executed NDA and complied with the other provisions of the Sale Process will be Qualified Bidders.
- d. Due diligence phase (s. 19) – The Receiver will grant access to the data room to the Qualified Bidders and oversee the due diligence process.

- e. Submission of Qualified Bids and Bid Offer Deadline (s. 20-27) – Qualified Bidders who wish to bid for all or some of the Shares must submit a Qualified Bid within 30 days of the commencement of the Sale Process. A Qualified Bid must consist of a Binding APA that complies with the criteria set out in the Sale Process, including without limitation,
- i. for bids with respect to the Matera Germany Shares:
 - 1. bids must be based on and provided with a comparison to the Stalking Horse SPA;
 - 2. bids must provide for payment of (i) a minimum incremental amount of \$6,000 in excess of the aggregate purchase price provided under the Stalking Horse SPA, (ii) the Expense Reimbursement, and (iii) the Break Fee; and
 - 3. bids must generally be superior to the Stalking Horse SPA, as determined by the Receiver;
 - ii. for all bids:
 - 1. the bid is provided with evidence satisfactory to the Receiver as to the bidder's ability to consummate the proposed Transaction;
 - 2. the bid is unconditional and not subject to further due diligence;
 - 3. the bid includes a letter of acknowledgement that the bid is irrevocable and open for acceptance until the Receiver closes

the Transaction(s), and that the contemplated Transaction will be on an “as is, where is” basis;

4. the bid is provided with the further information set out in the Sale Process terms or that may be required by the Receiver;
5. the bid provides for a deposit of no less than 15% of the Purchase Price offered; and
6. the bid contemplates closing within 5 business days of the Approval and Vesting Order.

f. Consideration of the Binding APAs and Auction (s. 28-38) – The Receiver will exercise its reasonable discretion to evaluate all Binding APAs based upon the criteria set out in the Sale Process. Those criteria include, without limitation, the total consideration offered and factors affecting the speed and certainty of closing. If no Binding APA is received for the Materia Germany Shares other than the Stalking Horse SPA, then the Stalking Horse SPA will be deemed the Successful Bid for the Materia Germany Shares. If multiple Binding APAs are received for the same Shares, the Receiver may hold an Auction to determine the Successful Bid. After selecting the Successful Bid(s), the Receiver may elect to have Backup Bid(s) in the event that a Successful Bid does not close.

g. Court approval (s. 42-46) – As soon as reasonably practicable following the selection of the Successful Bid(s), the Receiver will bring a motion for an Approval and Vesting Order; and

- h. Closing of successful Transaction(s) (s. 6) – Closing will occur as soon as reasonably practicable, and in any event within 5 business days, after the granting of the Approval and Vesting Order.

90. The Receiver will have the responsibility of overseeing and implementing the Sale Process. The Sale Process provides the Receiver with appropriate discretion to make reasonable amendments to the Sale Process deadlines and terms with a view to completing a fair and reasonable transaction for the Shares in the interest of stakeholders. If the Receiver determines that a change is material, it will bring a motion to the Court for approval.

91. The duration of the Sale Process, allowing a due diligence period of 30 days before the Binding Offer Deadline, is intended to balance the need for expeditiousness and efficiency, appropriate market exposure, and costs. In particular, the amount of the Receivership Financing is a practical limit to the length of the Sale Process. I understand that the Receiver has reviewed the terms of the proposed Sale Process and finds them reasonable and necessary in the circumstances.

92. In essence, the Sale Process is the culmination of extensive sale and investment solicitation efforts that have been actively ongoing since April 2021 (22 months). I believe that interested bidders will require less time to conduct due diligence considering that the parties who are most likely to participate in the Sale Process will have already participated in the prior processes. Overall, I believe that the proposed duration of the Sale Process is fair and commercially reasonable in the circumstances.

93. Based on the above, I believe that the proposed Sale Process represents a fair and reasonable process which will broadly canvass the market and result in a transaction that maximizes value for the stakeholders of the Respondent.

X. THE PROPOSED KERP AND KERP CHARGE

a. The KERP is necessary and reasonable

94. The Applicant applies for the Court's approval of the KERP and KERP Charge in favour of the Manager. The KERP and the KERP Charge are intended to allow the Respondent to continue to employ the Manager and to pay him the compensation set out in the KERP.

95. The Manager has been the Respondent's interim General Manager since mid-2019. Since the Respondent's last Chief Executive Officer departed, the Manager has assumed those additional responsibilities and is now the last remaining employee of the Respondent. His duties include overseeing the operations of Materia Malta and Materia Germany.

96. The Manager's knowledge and expertise will also be essential during the receivership and Sale Process for the following reasons:

- a. the Manager will be operating and managing a portion of the Materia Business, including the cannabis assets and business excluded from the Receiver's possession under the terms of the proposed Receivership Order;
- b. the Manager will assist the Receiver to, without limitation, populate the data room, create the list of Potential Bidders, and evaluate bidders;

- c. the continued involvement of the Manager will provide comfort to stakeholders and to the market during the Sale Process; and
- d. the Manager will be a useful resource to the Receiver for any question relating to the Materia Business and the Respondent's affairs that may arise during the receivership or Sale Process.

97. Given the importance of the Manager's continued employment with the Respondent, the Respondent and the Manager have negotiated the KERP. I am informed by the Manager and verily believe that but for the approval of the KERP and the KERP Charge, the Manager would resign from his position at the Respondent. A copy of the KERP is attached as **Confidential Exhibit "1"**.

98. I understand that the Receiver has reviewed the KERP and believes it is reasonable and necessary in the circumstances.

99. The Applicant also seeks a KERP Charge as security for the payments to the Manager under the KERP. The KERP Charge is proposed to rank below the Receiver's Charge and the Receivers' Borrowings Charge. The KERP Charge does not represent a large amount relative to the Respondent's other liabilities, but is necessary to provide the Manager with security that the amounts due under the KERP will be paid.

100. Based on the above, I believe that the proposed KERP and KERP Charge are necessary, fair and reasonable.

b. Sealing

101. I am informed by the Manager that he considers his compensation to be a confidential matter. He does not wish his compensation to be part of the public record, as this would negatively affect his negotiating position with future employers. I believe that this is a legitimate and reasonable concern. The sealing order sought is limited in time to 30 days following the conclusion of the Sale Process or further order of this Court. I believe that the sealing order sought is necessary, fair and reasonable, and sufficiently protects the Manager's legitimate interest.

XI. FINANCING OF THE RECEIVERSHIP PROCEEDING AND EUROPEAN ACTIVITIES DURING THE RECEIVERSHIP

102. The Respondent has exhausted its available financing options, including under the existing loan agreements. Accordingly, there is no form of lending or investment reasonably available other than on the basis of a prior-ranking charge.

103. The Germany Shares Stalking Horse Bidder and the Applicant have agreed to collectively make up to €400,000 available to the Receiver pursuant to a term sheet in order to finance: (i) the costs of these receivership proceedings, including professional fees; (ii) the ongoing operations of Materia Malta and Materia Germany during the Sale Process; and (iii) the KERP (the "**Receivership Financing**").

104. The Receivership Financing is necessary to allow the receivership and the Sale Process to proceed in the interest of stakeholders. I believe that the quantum of the Receivership Financing will be sufficient to finance the abovementioned costs until the closing of the Successful Bid(s) transaction(s) in the Sale Process. The continued

operations of Materia Germany and Materia Malta will preserve their businesses and the corresponding value of the Shares for all stakeholders.

105. The Receivership Financing will be provided under “Receiver’s Certificates” and secured by the Receiver’s Borrowings Charge. It is proposed that the Receiver’s Borrowings Charge be a second-ranking priority charge, ranking behind the Receiver’s Charge but ahead of the KERP Charge.

106. I believe that the Receivership Financing is in the interest of stakeholders.

XII. RELIEF SOUGHT IS NECESSARY, JUST, CONVENIENT, AND IN THE INTEREST OF STAKEHOLDERS

107. For all the reasons set out above, I believe that the Receivership Order and the Ancillary Order provide for a necessary, fair, and convenient receivership and sale process that is in the best interest of stakeholders of the Respondent, Materia Malta, and Materia Germany.

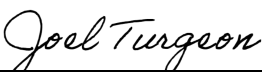
108. The only conceivable alternative to the process proposed by the Applicant is a sale of the Shares in bankruptcy. I am advised and I believe that a bankruptcy presents no advantage and would have material adverse effects on the stakeholders of the Respondent, Materia Malta and Materia Germany. The reasons for this include without limitation the following:

- a. a bankruptcy trustee would still need to run a sale process to liquidate the Respondent’s assets;

- b. without the Receivership Order and the possibility of the Receivership Financing, there is a risk that the bankruptcy trustee would not be able to finance a sale process with the same level of market exposure as the Sale Process;
- c. without the Receivership Order and the possibility of the Receivership Financing, it is unclear if a bankruptcy trustee could finance the continued operations of Materia Malta and Materia Germany. This could negatively affect the value of the Shares and have material adverse effects on the Materia Business to the detriment of all stakeholders; and
- d. the lack of Receivership Financing could also affect Materia Malta and Materia Germany’s ability to maintain their certifications, which would represent a substantial loss of value.

109. I swear this affidavit in support of the Applicant’s application seeking the Receivership Order and Ancillary Order and for no other or improper purpose.

SWORN REMOTELY by)
BENJAMIN TREFLER stated as being)
 located in the City of Toronto in the)
 Province of Ontario before me at the City)
 of Toronto, in the Province of Ontario)
 this 15th day of February 2023, in)
 accordance with O. Reg 431/20,)
Administering Oath or Declaration)
Remotely.)
)
)
)



 A Commissioner, etc.
 Joël Turgeon



BENJAMIN TREFLER

THIS IS **EXHIBIT “A”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS



Ministry of Public and
Business Service Delivery

Profile Report

11157353 CANADA CORP. as of January 11, 2023

Act	Corporations Information Act
Type	Extra-Provincial Federal Corporation with Share
Name	11157353 CANADA CORP.
Ontario Corporation Number (OCN)	5018705
Governing Jurisdiction	Canada - Federal
Incorporation/Amalgamation Date	December 20, 2018
Registered or Head Office Address	355 Adelaide Street West, Floor 5, Toronto, Ontario, Canada, M5V 1S2
Status	Refer to Governing Jurisdiction
Date Commenced in Ontario	December 20, 2018
Principal Place of Business	[Not Provided]

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Chief Officer or Manager

There are no chief officer or managers on file for this corporation.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Corporate Name History
Refer to Governing Jurisdiction

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Business Names

Name	MATERIA VENTURES
Business Identification Number (BIN)	290728443
Registration Date	July 02, 2019
Expiry Date	July 01, 2024

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Initial Return PAF: MICHAEL GARBUZ - DIRECTOR	July 02, 2019

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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THIS IS **EXHIBIT “B”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgson

A COMMISSIONER FOR TAKING AFFIDAVITS



Profile Report

ELA CAPITAL INC. as of January 11, 2023

Act	Corporations Information Act
Type	Extra-Provincial Federal Corporation with Share
Name	ELA CAPITAL INC.
Ontario Corporation Number (OCN)	3094036
Governing Jurisdiction	Canada - Federal
Incorporation/Amalgamation Date	February 05, 2014
Registered or Head Office Address	72 Leadership Dr, Brampton, Ontario, Canada, L6Y5T2
Status	Refer to Governing Jurisdiction
Date Commenced in Ontario	February 05, 2014
Principal Place of Business	72 Leadership Dr, Brampton, Ontario, Canada, L6Y5T2

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Chief Officer or Manager

Name

VIJAY SAPPANI

Address for Service

72 Leadership Dr, Brampton, Ontario, Canada, L6Y 5T2

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report.

Additional historical information may exist in paper or microfiche format.

Corporate Name History
Refer to Governing Jurisdiction

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: Vijay SAPPANI	November 24, 2021
CIA - Notice of Change PAF: VIJAY SAPPANI - DIRECTOR	July 19, 2018
CIA - Initial Return PAF: VIJAY SAPPANI - DIRECTOR	February 10, 2014

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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THIS IS **EXHIBIT “C”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) JUNE 4, 2021, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

UNSECURED CONVERTIBLE LOAN AGREEMENT

THIS AGREEMENT is made as of the 4th day of June, 2021 between:

11157353 CANADA CORP. DBA MATERIA, a corporation existing under the laws of Canada (the "**Borrower**");

- and -

ELA CAPITAL INC., a corporation existing under the laws of Canada (the "**Lender**").

WHEREAS the Borrower desires to borrow up to \$1,100,001 from the Lender pursuant to the terms of this Agreement;

AND WHEREAS in connection with the Facility (as defined herein), the Borrower has agreed to issue certain warrants to purchase Common Shares (as defined herein) of the Borrower to be represented by a Warrant Certificate (as defined herein), pursuant to which the Borrower will grant warrants to purchase Common Shares from the Borrower in an amount equal to 50% of the Advanced Amount (as defined herein) divided by the Exercise Price (as defined herein);

THIS AGREEMENT WITNESSETH THAT in consideration of the covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. Definitions and Interpretation

1.1 Definitions

The following definitions apply in this Agreement.

- (a) "**Advanced Amount**" means the principal amount of the Facility actually advanced by the Lender to the Borrower from time to time hereunder pursuant to Section 4 below;
- (b) "**Agreement**" means this unsecured convertible loan agreement, as the same may be amended, modified or supplemented from time to time;
- (c) "**Business Day**" means a day other than a Saturday, Sunday or public holiday when banks in Toronto are open for business;

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- (d) **“Common Shares”** means the common shares in the capital of the Borrower as currently constituted, or any shares into which such common shares may be converted or exchanged;
- (e) **“Conversion Date”** means the date upon which any Liquidity Event occurs;
- (f) **“Conversion Price”** has the meaning prescribed in Section 9.1;
- (g) **“Dollars and \$”** means the lawful currency of Canada;
- (h) **“Event of Default”** means any event or circumstance listed in Section 13.1 to Section 13.8 inclusive;
- (i) **“Exercise Price”** shall mean \$2.30 per Common Share, unless a Liquidity Event occurs prior to the Maturity Date and the Liquidity Event Price is less than \$2.30 per Common Share, in which case the Exercise Price shall be the Liquidity Event Price;
- (j) **“Facility”** means the aggregate principal amount of each Loan made or to be made by the Lender to the Borrower under this Agreement or (as the context requires) the principal amount outstanding for the time being of each Loan;
- (k) **“Indebtedness”** means any obligation to pay or repay money, present or future, whether actual or contingent, sole or joint and any guarantee or indemnity of any of those obligations;
- (l) **“Liquidity Event”** means (i) the acquisition, by any Person and/or its affiliates, directly or indirectly, of greater than 50% of the outstanding voting Common Shares outstanding on the date hereof, in exchange for cash or marketable securities, whether by way of arrangement, merger, amalgamation, share purchase, take-over bid, business combination or any similar transaction; (ii) the sale for cash proceeds of all, or substantially all, of the assets of the Borrower; or (iii) the listing of the Common Shares or such other securities as the Common Shares may be exchangeable for or convertible into, including for greater certainty, in connection with a reverse take-over transaction, on the Toronto Stock Exchange, TSX Venture Exchange, the Canadian Securities Exchange, London Stock Exchange or such other recognized national exchange in the United Kingdom, Europe or Canada as the board of the directors of the Borrower may determine;
- (m) **“Liquidity Event Price”** means the valuation ascribed to each Common Share pursuant to a Liquidity Event;
- (n) **“Loan”** means a loan made or to be made by the Lender to the Borrower under this Agreement or the principal amount outstanding for the time being of that loan;
- (o) **“Maturity Date”** has the meaning prescribed in Section 6.1 (and shall take into account any extension provided under Section 6);

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- (p) **“Person”** means an individual, corporation, partnership, joint venture, unlimited liability company, governmental authority, unincorporated organization, trust, association or other entity;
- (q) **“Potential Event of Default”** means any event or circumstance specified in Section 13.1 to Section 13.8, inclusive, that would, on the giving of notice, expiry of any grace period or the making of any determination under this Agreement, or satisfaction of any other condition (or any combination thereof), become an Event of Default;
- (r) **“Recognized Exchange”** has the meaning prescribed in Section 8.3;
- (s) **“Shareholders’ Agreement”** means the unanimous shareholders’ agreement of the Borrower made as of February 24, 2020, as amended, restated or supplanted from time to time;
- (t) **“Warrants”** means warrants to purchase Common Shares as more particularly set out in Section 8; and
- (u) **“Warrant Certificate”** means a certificate representing the Warrants to be delivered to the Lender by the Borrower on the date hereof in the form attached hereto as Schedule “A”.

1.2 Interpretation

In this Agreement:

- 1.2.1 the division of this Agreement into Sections and other subdivisions and the inclusion of headings and a table of contents are provided for convenience only and do not affect the construction or interpretation of this Agreement;
- 1.2.2 unless the context otherwise requires, words in the singular shall include the plural and words in the plural shall include the singular;
- 1.2.3 a reference to a party shall include that party’s successors, permitted assigns and permitted transferees;
- 1.2.4 a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;
- 1.2.5 a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;
- 1.2.6 an obligation on a party not to do something includes an obligation not to allow that thing to be done;
- 1.2.7 a reference to this Agreement (or any provision of it) or to any other agreement or document referred to in this Agreement is a reference to this Agreement, that

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provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this Agreement) from time to time;

1.2.8 unless the context otherwise requires, a reference to a Section is to a Section of this Agreement;

1.2.9 any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;

1.2.10 a reference to an amendment includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly); and

1.2.11 a reference to continuing in relation to an Event of Default means an Event of Default that has not been waived in writing by the Lender.

2. The Facility

The Lender grants to the Borrower a convertible term loan facility of a total principal amount not exceeding \$1,100,001 on the terms, and subject to the conditions, of this Agreement.

3. Purpose

The Borrower shall use all money borrowed under this Agreement for capital expenditures related to the Borrower's facility located in the Republic of Malta and for general corporate and working capital purposes.

4. Drawing

4.1 The Borrower may draw on the Facility in three equal tranches of \$366,667 on any Business Day on or after the date of this Agreement. The Borrower shall give the Lender at least five (5) Business Days' prior notice of the date on which the Borrower wants to drawdown on the Facility (such period may be reduced by the agreement of the Lender) specifying the Business Day on which it is to be made and the bank account to which payment is to be made.

4.2 The first drawdown on the Facility shall be made on the date of this Agreement.

4.3 The Lender shall not be required to comply with the second or third drawdowns, if requested by the Borrower, under this Agreement.

5. Interest

5.1 The Borrower shall pay interest on the outstanding balance of each Loan at the rate of 12.5% per annum which shall accrue semi-annually and shall be due upon the earlier of (a) the Conversion Date in Common Shares and in accordance with Section 9, and (b) the Maturity Date, in cash.

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- 5.2 For the purposes of the *Interest Act* (Canada) and disclosure under such act, whenever interest to be paid under this Agreement is to be calculated on the basis of a year of 365 days or 360 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined, multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 365, 360, or such other period of time, as the case may be.
- 5.3 In calculating interest or fees payable under this Agreement for any period, unless otherwise specifically stated, the first day of such period shall be included and the last day of such period shall be excluded.
- 5.4 Notwithstanding anything herein to the contrary, in no event shall any interest rate or rates referred to herein (together with other fees payable hereunder which are construed by a court of competent jurisdiction to be interest or in the nature of interest) exceed the maximum interest rate permitted by applicable law. If such maximum interest rate would be exceeded by the terms hereof, the rates of interest payable hereunder shall be reduced to the extent necessary so that such rates (together with other fees which are construed by a court of competent jurisdiction to be interest or in the nature of interest) equal the maximum interest rate permitted by law, and any overpayment of interest received by the Lender theretofore shall be applied, forthwith after determination of such overpayment, to pay all then outstanding interest, and thereafter to pay outstanding principal, as if the same were a prepayment of principal and treated accordingly hereunder.

6. Repayment

- 6.1 Subject to the terms of this Agreement, the Borrower shall repay the aggregate outstanding principal amounts of the Facility, along with all accrued and unpaid interest thereon, in full, on the date that is one year following the most recent advance of a tranche of the Facility from time to time hereunder (the “**Maturity Date**”). If such Maturity Date does not fall on a Business Day, the Maturity Date shall be the following Business Day. Upon mutual written agreement between the Lender and the Borrower, the Maturity Date may be extended for such period agreed to between the Lender and the Borrower.
- 6.2 The Borrower shall have the right, but not the obligation, at any time and from time to time, prior to the Maturity Date, to repay the whole or any part of the outstanding principal amount of the Facility, together with all unpaid and accrued interest to the date of payment on that portion of the outstanding principal to be repaid, without notice, penalty or bonus.

7. Payments

- 7.1 All payments made by the Borrower under this Agreement shall be in Dollars and in immediately available cleared funds to the Lender at such account as the Lender may notify to the Borrower.
- 7.2 If any payment becomes due on a day that is not a Business Day, the due date of such payment shall be the immediately preceding Business Day.

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- 7.3 All payments made by the Borrower under this Agreement shall be made in full, without set-off, counterclaim or condition, and free and clear of, and without any deduction or withholding; provided that, if the Borrower is required by law or regulation to make such deduction or withholding, it shall:
- 7.3.1 ensure that the deduction or withholding does not exceed the minimum amount legally required;
 - 7.3.2 pay to the relevant taxation or other authorities, as appropriate, the full amount of the deduction or withholding;
 - 7.3.3 furnish to the Lender, within the period for payment permitted by the relevant law, either:
 - (a) an official receipt of the relevant taxation authorities concerned on payment to them of amounts so deducted or withheld; or
 - (b) if such receipts are not issued by the taxation authorities concerned on payment to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding; and
 - 7.3.4 pay to the Lender such additional amount as is necessary to ensure that the net full amount received by the Lender after the required deduction or withholding is equal to the amount that the Lender would have received had no such deduction or withholding been made.

8. Warrants

- 8.1 The Lender shall be entitled to receive such number of common share purchase warrants of the Borrower as is equal to 0.5 multiplied by the Advanced Amount divided by the Exercise Price. Each Warrant shall entitle the Lender to acquire one Common Share exercisable at the Exercise Price, for a period of two (2) years from the date of the Liquidity Event, or the Maturity Date if no such Liquidity Event occurs prior to the Maturity Date, subject to acceleration as more particularly described herein. On the date this Agreement is entered into, the Borrower shall issue a Warrant Certificate representing the Warrants to the Lender. No fractional warrants of the Borrower shall be issued in connection with the issuance of the Warrants and no cash shall be paid to the Lender in lieu thereof.
- 8.2 The expiry of the Warrants may be accelerated by the Borrower at any time after the earlier of the Liquidity Event, or the Maturity Date, if no such Liquidity Event occurs prior to the Maturity Date and prior to the expiry of the Warrants if the Common Shares are then traded on a Recognized Exchange (as defined herein) and the volume-weighted average trading price of the Common Shares on such Recognized Exchange is equal to or greater than 125% of the Exercise Price for twenty (20) out of thirty (30) consecutive trading days, at which time the Borrower may accelerate the expiry date of the Warrants providing notice to the Lender of the reduced warrant term whereupon the Warrants will expire on the 20th calendar day after the date of such notice.

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8.3 For the purposes of this Section 8, “**Recognized Exchange**” means the Toronto Stock Exchange, TSX Venture Exchange, Canadian Stock Exchange, London Stock Exchange or other recognized stock exchange in Canada, the United States, the European Union or the United Kingdom.

9. Automatic Conversion of Loan

9.1 Upon the occurrence of a Liquidity Event, the aggregate outstanding principal amounts of the Facility, along with all accrued and unpaid interest thereon, at the time of the consummation of such Liquidity Event, shall immediately and automatically be converted into fully paid and non-assessable Common Shares at a price per Common Share equal to the lesser of (a) \$2.30 per Common Share, and (b) the valuation ascribed to each Common Share pursuant to the Liquidity Event (the “**Conversion Price**”). Upon such conversion of the Facility, the Lender hereby agrees to execute and deliver to the Borrower all transaction documents related to the Liquidity Event, including a purchase agreement and other ancillary agreements, with customary representations and warranties and transfer restrictions, and having the same terms as those agreements entered into by the other shareholders of the Borrower. The Lender also agrees to deliver the original of this Agreement, if any, at the closing of the Liquidity Event for cancellation; provided, however, that upon satisfaction of the conditions set forth in this Section 9, this Agreement shall be deemed converted and of no further force and effect, whether or not it is delivered for cancellation as set forth in this sentence. In the event that the Lender is not already a party to the Shareholders’ Agreement, the Lender shall be required to execute and deliver to the Borrower a joinder agreement in form and substance satisfactory to the Borrower. The Lender shall not have rights right as a shareholder until all required documents and executed and delivered to the Borrower in connection therewith.

9.2 No fractional shares of the Borrower’s capital stock shall be issued upon conversion of the Facility and no cash shall be paid to the Lender in lieu thereof.

9.3 Except in certain limited circumstances (as determined by the Borrower) the Common Shares (including the Common Shares issuable upon due exercise of the Warrants) issued upon conversion of the Facility shall bear the following legend:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) JUNE 4, 2021, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

9.4 In addition, the certificates representing the Common Shares issuable upon conversion of the Facility and Common Shares issuable upon due exercise of the Warrants, when issued, in the event that the Shareholders’ Agreement has not been terminated prior to the time of such issuance, shall also bear the following legend:

THIS CERTIFICATE IS SUBJECT TO A UNANIMOUS SHAREHOLDER AGREEMENT AS OF FEBRUARY 24, 2020, AS AMENDED FROM TIME

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TO TIME, AND IS TRANSFERABLE ONLY IN ACCORDANCE WITH THE PROVISIONS OF SUCH AGREEMENT.

10. Representations and Warranties of the Borrower

- 10.1 The Borrower warrants to the Lender on the date of this Agreement:
- 10.1.1 it is a duly incorporated company validly existing under the laws of its jurisdiction of incorporation;
 - 10.1.2 it has the power to own its assets and carry on its business as it is being conducted;
 - 10.1.3 it has the power to enter into, deliver and perform, and has taken all necessary action to authorize its entry into, delivery and performance of, this Agreement and the transactions contemplated hereunder; and
 - 10.1.4 no limit on its powers will be exceeded as a result of the borrowing contemplated by this Agreement.
- 10.2 The entry into and performance by the Borrower of, and the transactions contemplated by, this Agreement, do not and will not contravene or conflict with:
- 10.2.1 its constitutional documents;
 - 10.2.2 any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument; or
 - 10.2.3 any law or regulation or judicial or official order, applicable to it.
- 10.3 The Borrower has obtained all required authorizations to enable it to enter into, exercise its rights and comply with its obligations in this Agreement. All such authorizations are in full force and effect.
- 10.4 The Borrower's obligations under this Agreement are legal, valid, binding and enforceable in accordance with its terms.
- 10.5 No Event of Default or Potential Event of Default has occurred and is continuing.
- 10.6 No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination thereof, would constitute) a material default or termination event (howsoever described) under any other agreement or instrument which is binding on the Borrower or to which any of its assets is subject which has or will have a material adverse effect on its business, assets or condition or ability to perform its obligations under this Agreement.
- 10.7 Each of the warranties in this Section 10 is deemed to be repeated by the Borrower on:
- 10.7.1 the date of a request to drawdown any Loan; and

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10.7.2 the date that any Loan is actually drawn down.

11. Representations and Warranties of the Lender

11.1 The Lender represents, warrants and acknowledges to the Borrower as follows:

11.1.1 the Lender has the requisite power, authority, legal capacity and competence to execute, deliver and be bound by this Agreement, to perform all of its obligations hereunder and to undertake all actions required of the Lender hereunder, and all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained and the individual signing this Agreement has been duly authorized;

11.1.2 the Lender has been duly organized and is validly existing under the laws of its jurisdiction of incorporation or formation and the laws of any other jurisdiction in which its properties or operations require qualification;

11.1.3 The Lender confirms that the Lender has knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Borrower, is aware of the characteristics of the Common Shares and the risks relating to an investment therein, and is able to bear the economic risk of loss of its investment in the Common Shares;

11.1.4 the execution and delivery of this Agreement, the performance and compliance with the terms hereof, and the completion of the transactions contemplated hereby will not result in any material breach of, or be in conflict with or constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, by-laws or resolutions of the Lender, the securities laws or any other applicable law, any agreement, instrument, undertaking or covenant to which the Lender is a party or any applicable regulation, judgment, decree, order or ruling; and

11.1.5 the Lender understands that there is currently no market for Common Shares (and no such market may exist following a Liquidity Event) and it may not be able to resell the Common Shares except in accordance with limited exemptions available under applicable securities laws and Shareholders' Agreement and the Lender is solely responsible for the Lender's compliance with applicable resale restrictions.

12. Covenants

The Borrower covenants with the Lender that, as of the date of this Agreement until all of its liabilities under this Agreement have been discharged:

12.1 It will comply, in all material respects, with all laws, if failure to do so has or is reasonably likely to have a material adverse effect on its business, assets or condition, or its ability to perform its obligations under this Agreement.

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- 12.2 It will notify the Lender of any material adverse event or any other Potential Event of Default or Event of Default (and the steps, if any, being taken to remedy it) promptly on becoming aware of its occurrence.

13. Events of Default

Each of the events or circumstances set out in this Section 13 is an Event of Default.

- 13.1 The Borrower fails to pay any sum payable by it under this Agreement, unless its failure to pay is caused solely by an administrative error or technical problem and payment is made within five Business Days of its due date.
- 13.2 The Borrower fails (other than by failing to pay), to comply with any provision of this Agreement and (if the Lender considers, acting reasonably, that the default is capable of remedy), such default is not remedied within 10 Business Days of the earlier of:
- 13.2.1 the Lender notifying the Borrower of the default and the remedy required; and
 - 13.2.2 the Borrower becoming aware of the default.
- 13.3 Any representation or warranty made by the Borrower pursuant to this Agreement is (or proves to have been) is false in any material.
- 13.4 The Borrower:
- 13.4.1 commences or institutes any application, proceeding or other action under any statute, rule or regulation relating to bankruptcy, insolvency, winding-up, reorganization, administration, plans of arrangement, relief or protection of debtors, including, without limitation, any bankruptcy and insolvency law and any applicable corporate legislation, seeking (a) to have an order for relief entered with respect to it, (b) to adjudicate it as bankrupt or insolvent, or (c) reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, compromise, arrangement, stay of proceedings of creditors generally, or other relief with respect to it or its debts;
 - 13.4.2 makes a general assignment for the benefit of its creditors;
 - 13.4.3 declares a general moratorium on payment of its Indebtedness or interest thereon, or proposes a compromise or arrangement between it and any of its creditors; or
 - 13.4.4 takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in Section 13.5.
- 13.5 With respect to the Borrower:
- 13.5.1 there is commenced against the Borrower in a court of competent jurisdiction any application, proceeding or other action of a nature referred to in Section 13.4 which (a) results in the entry of an order for relief or any such adjudication or appointment,

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or (b) remains undismissed, undischarged, unstayed or unbonded for 10 Business Days;

13.5.2 there is commenced against the Borrower any application, proceeding or other action seeking issuance of a warrant of seizure and sale, execution, garnishment or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, stayed or bonded pending appeal within 10 Business Days from the entry thereof; or

13.5.3 the Borrower is unable to, or admits in writing its inability to, pay its debts as they become due.

13.6 This Agreement ceases for any reason to be valid, binding and in full force and effect.

13.7 If:

13.7.1 any material provision of this Agreement ceases for any reason to be valid, binding and in full force and effect, other than as expressly permitted hereunder or thereunder;

13.7.2 the Borrower contests in any manner the validity or enforceability of any provision of this Agreement; or

13.7.3 the Borrower denies that it has any or further liability or obligation under any provision of this Agreement or purports to revoke, terminate or rescind any provision of this Agreement.

13.8 The Borrower suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

14. Remedies upon Event of Default

14.1 At any time after an Event of Default has occurred which is continuing, the Lender may, by notice to the Borrower:

14.1.1 cancel all outstanding obligations of the Lender under this Agreement whereupon they shall immediately be cancelled;

14.1.2 declare that the Facility (and all accrued interest and all other amounts outstanding under this Agreement) is accelerated and is immediately due and payable, whereupon they shall become immediately due and payable upon written notice to that effect from the Lender to the Borrower, all without any other notice and without presentment, protest, demand, notice of dishonour or any other demand whatsoever (all of which are expressly waived by the Borrower); and/or

14.1.3 declare that the Facility (and all accrued interest and all other amounts outstanding under this Agreement) be payable on demand, whereupon it shall become immediately payable on demand by the Lender.

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15. Right of Set-off

If an Event of Default shall have occurred and is continuing, the Lender and each of its affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set-off, appropriate and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Lender or any affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower to the Lender under this Agreement now or hereafter existing, whether direct or indirect, absolute or contingent, matured or unmatured, and irrespective of whether or not the Lender or any affiliate shall have made any demand under this Agreement and although such obligations of the Borrower to the Lender under this Agreement are owed to an affiliate of the Lender different from the affiliate holding such deposit or obligated on such Indebtedness. The Lender agrees to notify the Borrower promptly after any such set-off and appropriation and application; provided that the failure to give such notice shall not affect the validity of such set-off and appropriation and application. The rights of the Lender and each of its affiliates under this Section 15 are in addition to any other rights and remedies available to them (including, without limitation, other rights of set-off, consolidation of accounts or bankers' liens).

16. Amendments, Waivers and Consents and Remedies

- 16.1 This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.
- 16.2 The rights and remedies provided under this Agreement are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law or otherwise.

17. Further Assurance

The Borrower shall execute any and all further documents, agreements and instruments, and shall take all such further actions which may be required under any applicable law, or which the Lender may reasonably request, to effectuate the transactions contemplated by this Agreement.

18. Severance

If any provision (or part of a provision) of this Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or

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part of a provision) shall be deemed deleted. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

19. Assignment and Transfer

Neither the Borrower nor the Lender may assign any of their respective rights or transfer any of their respective rights or obligations under this Agreement without the prior written consent of the other party.

20. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including portable document format (.pdf) or any electronic signature complying with applicable law) or other transmission method and any counterpart so delivered is deemed to have been duly and validly delivered and be valid and effective for all purposes.

21. Third Party Rights

This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

22. Notices

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given on the date sent by facsimile or email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 22):

If to the Borrower: 11157353 Canada Corp. dba Materia

Attention: Deepak Anand / Dennis Beker
Email: deepak@materiaventures.com /
dennis@materiaventures.com

If to the Lender: Ela Capital Inc.

Attention: Vijay Sappani

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Email: vijay@elacapital.ca

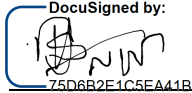
23. Governing Law and Jurisdiction

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein (without giving effect to any conflicts or choice of law provisions thereof that would cause the application of the domestic substantive laws of any other jurisdiction). The parties hereby (a) irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of the Province of Ontario for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the courts of Province of Ontario, and (c) waive, and agree not to assert, by way of motion, as a defence, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or its subject matter may not be enforced in or by such court.

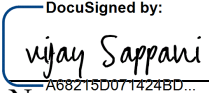
[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF this Agreement has been executed and delivered on the date first stated above.

11157353 CANADA CORP. DBA MATERIA

Per:  _____
Name:
Title:

ELA CAPITAL INC.

Per:  _____
Name:
Title:

THIS IS **EXHIBIT “D”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) NOVEMBER 4, 2021, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

SECURED CONVERTIBLE LOAN AGREEMENT

THIS AGREEMENT is made as of the 4th day of November, 2021 between:

11157353 CANADA CORP. DBA MATERIA, a corporation existing under the laws of Canada (the "**Borrower**");

- and -

ELA CAPITAL INC., a corporation existing under the laws of Canada (the "**Lender**").

WHEREAS the Borrower desires to borrow up to the Facility Limit (as defined herein) from the Lender pursuant to the terms of this Agreement, a portion of which (referred to herein as the Advanced Portion) has already been advanced by the Borrower to the Lender;

AND WHEREAS the Borrower and the Lender have entered into the Existing Loan Agreement (as defined herein) and, as consideration for, and as a condition to, the Lender making the loans hereunder to the Borrower, the Borrower has agreed to grant security to the Lender over all of its present and after-acquired property and assets to secure all obligations owing by the Borrower to the Lender, including, without limitation, the indebtedness and all other obligations from time to time under this Agreement and the Existing Loan Agreement;

AND WHEREAS in connection with the Facility (as defined herein), the Borrower has agreed to issue certain warrants to purchase Common Shares (as defined herein) of the Borrower to be represented by a Warrant Certificate (as defined herein), pursuant to which the Borrower will grant warrants to purchase Common Shares from the Borrower in an amount equal to 50% of the Advanced Amount (as defined herein) divided by the Exercise Price (as defined herein);

THIS AGREEMENT WITNESSETH THAT in consideration of the covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. Definitions and Interpretation

1.1 Definitions

The following definitions apply in this Agreement.

- (a) "**Advanced Amount**" means the principal amount of the Facility actually advanced by the Lender to the Borrower from time to time hereunder pursuant to Section 4 below;

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- (b) **“Advanced Portion”** means the aggregate principal amount of \$247,355;
- (c) **“Agreement”** means this secured convertible loan agreement, as the same may be amended, modified or supplemented from time to time;
- (d) **“Business Day”** means a day other than a Saturday, Sunday or public holiday when banks in Toronto are open for business;
- (e) **“Common Shares”** means the common shares in the capital of the Borrower as currently constituted, or any shares into which such common shares may be converted or exchanged;
- (f) **“Conversion Date”** means the date upon which any Liquidity Event occurs;
- (g) **“Conversion Price”** has the meaning prescribed in Section 10.1;
- (h) **“Dollars and \$”** means the lawful currency of Canada;
- (i) **“Event of Default”** means any event or circumstance listed in Section 14.1 to Section 14.8 inclusive;
- (j) **“Exercise Price”** shall mean \$2.30 per Common Share, unless a Liquidity Event occurs prior to the Maturity Date and the Liquidity Event Price is less than \$2.30 per Common Share, in which case the Exercise Price shall be the Liquidity Event Price;
- (k) **“Existing Loan Agreement”** means the unsecured convertible loan agreement dated June 4, 2021 between the Borrower and the Lender;
- (l) **“Facility”** means the aggregate principal amount of each Loan made or to be made by the Lender to the Borrower under this Agreement or (as the context requires) the principal amount outstanding for the time being of each Loan;
- (m) **“Facility Limit”** means the aggregate principal amount of \$500,000;
- (n) **“GSA”** has the meaning prescribed in Section 5;
- (o) **“Indebtedness”** means any obligation to pay or repay money, present or future, whether actual or contingent, sole or joint and any guarantee or indemnity of any of those obligations;
- (p) **“Liquidity Event”** means (i) the acquisition, by any Person and/or its affiliates, directly or indirectly, of greater than 50% of the outstanding voting Common Shares outstanding on the date hereof, in exchange for cash or marketable securities, whether by way of arrangement, merger, amalgamation, share purchase, take-over bid, business combination or any similar transaction; (ii) the sale for cash proceeds of all, or substantially all, of the assets of the Borrower; or (iii) the listing of the Common Shares or such other securities as the Common Shares may be exchangeable for or convertible into, including for greater certainty, in connection

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with a reverse take-over transaction, on the Toronto Stock Exchange, TSX Venture Exchange, the Canadian Securities Exchange, London Stock Exchange or such other recognized national exchange in the United Kingdom, Europe or Canada as the board of the directors of the Borrower may determine;

- (q) **“Liquidity Event Price”** means the valuation ascribed to each Common Share pursuant to a Liquidity Event;
- (r) **“Loan”** means a loan made or to be made by the Lender to the Borrower under this Agreement, including the Advanced Portion, or the principal amount outstanding for the time being of that loan;
- (s) **“Loan Agreements”** means, collectively, this Agreement and the Existing Loan Agreement;
- (t) **“Maturity Date”** has the meaning prescribed in Section 7.1 (and shall take into account any extension provided under Section 7);
- (u) **“Person”** means an individual, corporation, partnership, joint venture, unlimited liability company, governmental authority, unincorporated organization, trust, association or other entity;
- (v) **“Potential Event of Default”** means any event or circumstance specified in Section 14.1 to Section 14.8, inclusive, that would, on the giving of notice, expiry of any grace period or the making of any determination under this Agreement, or satisfaction of any other condition (or any combination thereof), become an Event of Default;
- (w) **“Recognized Exchange”** has the meaning prescribed in Section 9.3;
- (x) **“Second Drawdown”** has the meaning prescribed in Section 4;
- (y) **“Shareholders’ Agreement”** means the unanimous shareholders’ agreement of the Borrower made as of February 24, 2020, as amended, restated or supplanted from time to time;
- (z) **“Warrants”** means warrants to purchase Common Shares as more particularly set out in Section 9; and
- (aa) **“Warrant Certificate”** means a certificate representing the Warrants to be delivered to the Lender by the Borrower on the date hereof in the form attached hereto as Schedule “A”.

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1.2 Interpretation

In this Agreement:

- 1.2.1 the division of this Agreement into Sections and other subdivisions and the inclusion of headings and a table of contents are provided for convenience only and do not affect the construction or interpretation of this Agreement;
- 1.2.2 unless the context otherwise requires, words in the singular shall include the plural and words in the plural shall include the singular;
- 1.2.3 a reference to a party shall include that party's successors, permitted assigns and permitted transferees;
- 1.2.4 a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;
- 1.2.5 a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;
- 1.2.6 an obligation on a party not to do something includes an obligation not to allow that thing to be done;
- 1.2.7 a reference to this Agreement (or any provision of it) or to any other agreement or document referred to in this Agreement is a reference to this Agreement, that provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this Agreement) from time to time;
- 1.2.8 unless the context otherwise requires, a reference to a Section is to a Section of this Agreement;
- 1.2.9 any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- 1.2.10 a reference to an amendment includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly); and
- 1.2.11 a reference to continuing in relation to an Event of Default means an Event of Default that has not been waived in writing by the Lender.

2. The Facility

The Lender grants to the Borrower a convertible term loan facility of a total principal amount not exceeding the Facility Limit, inclusive of the Advanced Portion, on the terms, and subject to the conditions, of this Agreement.

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3. Purpose

The Borrower shall use all money borrowed under this Agreement for capital expenditures related to the Borrower's facility located in the Republic of Malta and for general corporate and working capital purposes.

4. Drawing

The Borrower may draw on the Facility on any Business Day on or after the date of this Agreement, but prior to the Maturity Date, in one single advance (the "**Second Drawdown**"), an aggregate principal amount equal to the difference between the Facility Limit and the Advanced Portion. The Borrower shall give the Lender at least five (5) Business Days' prior notice of the date on which the Borrower wants to drawdown on the Facility (such period may be reduced by the agreement of the Lender) specifying the Business Day on which it is to be made and the bank account to which payment is to be made.

5. Security

As a condition precedent to the availability of the Facility, the Borrower shall, pursuant to a general security agreement dated the date hereof (the "**GSA**") by the Borrower in favour of the Lender, grant a security interest in favour of the Lender over all of its present and after-acquired property and assets as security for all obligations owing by the Borrower to the Lender from time to time, including, without limitation, the indebtedness and all other obligations under the Loan Agreements.

6. Interest

- 6.1 The Borrower shall pay interest on the outstanding balance of each Loan at the rate of 12.5% per annum which shall accrue semi-annually and shall be due upon the earlier of (a) the Conversion Date in Common Shares and in accordance with Section 10, and (b) the Maturity Date, in cash.
- 6.2 For the purposes of the *Interest Act* (Canada) and disclosure under such act, whenever interest to be paid under this Agreement is to be calculated on the basis of a year of 365 days or 360 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined, multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 365, 360, or such other period of time, as the case may be.
- 6.3 In calculating interest or fees payable under this Agreement for any period, unless otherwise specifically stated, the first day of such period shall be included and the last day of such period shall be excluded.
- 6.4 Notwithstanding anything herein to the contrary, in no event shall any interest rate or rates referred to herein (together with other fees payable hereunder which are construed by a court of competent jurisdiction to be interest or in the nature of interest) exceed the

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maximum interest rate permitted by applicable law. If such maximum interest rate would be exceeded by the terms hereof, the rates of interest payable hereunder shall be reduced to the extent necessary so that such rates (together with other fees which are construed by a court of competent jurisdiction to be interest or in the nature of interest) equal the maximum interest rate permitted by law, and any overpayment of interest received by the Lender theretofore shall be applied, forthwith after determination of such overpayment, to pay all then outstanding interest, and thereafter to pay outstanding principal, as if the same were a prepayment of principal and treated accordingly hereunder.

7. Repayment

7.1 Subject to the terms of this Agreement, the Borrower shall repay the aggregate outstanding principal amounts of the Facility, along with all accrued and unpaid interest thereon, in full, on the date that is one year following the date of the Second Drawdown (the “**Maturity Date**”). If such Maturity Date does not fall on a Business Day, the Maturity Date shall be the following Business Day. Upon mutual written agreement between the Lender and the Borrower, the Maturity Date may be extended for such period agreed to between the Lender and the Borrower.

7.2 The Borrower shall have the right, but not the obligation, at any time and from time to time, prior to the Maturity Date, to repay the whole or any part of the outstanding principal amount of the Facility, together with all unpaid and accrued interest to the date of payment on that portion of the outstanding principal to be repaid, without notice, penalty or bonus.

8. Payments

8.1 All payments made by the Borrower under this Agreement shall be in Dollars and in immediately available cleared funds to the Lender at such account as the Lender may notify to the Borrower.

8.2 If any payment becomes due on a day that is not a Business Day, the due date of such payment shall be the immediately preceding Business Day.

8.3 All payments made by the Borrower under this Agreement shall be made in full, without set-off, counterclaim or condition, and free and clear of, and without any deduction or withholding; provided that, if the Borrower is required by law or regulation to make such deduction or withholding, it shall:

8.3.1 ensure that the deduction or withholding does not exceed the minimum amount legally required;

8.3.2 pay to the relevant taxation or other authorities, as appropriate, the full amount of the deduction or withholding;

8.3.3 furnish to the Lender, within the period for payment permitted by the relevant law, either:

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- (a) an official receipt of the relevant taxation authorities concerned on payment to them of amounts so deducted or withheld; or
- (b) if such receipts are not issued by the taxation authorities concerned on payment to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding; and

8.3.4 pay to the Lender such additional amount as is necessary to ensure that the net full amount received by the Lender after the required deduction or withholding is equal to the amount that the Lender would have received had no such deduction or withholding been made.

9. Warrants

- 9.1 The Lender shall be entitled to receive such number of common share purchase warrants of the Borrower as is equal to 0.5 multiplied by the Advanced Amount divided by the Exercise Price. Each Warrant shall entitle the Lender to acquire one Common Share exercisable at the Exercise Price, for a period of two (2) years from the date of the Liquidity Event, or the Maturity Date if no such Liquidity Event occurs prior to the Maturity Date, subject to acceleration as more particularly described herein. On the date this Agreement is entered into, the Borrower shall issue a Warrant Certificate representing the Warrants to the Lender. No fractional warrants of the Borrower shall be issued in connection with the issuance of the Warrants and no cash shall be paid to the Lender in lieu thereof.
- 9.2 The expiry of the Warrants may be accelerated by the Borrower at any time after the earlier of the Liquidity Event, or the Maturity Date, if no such Liquidity Event occurs prior to the Maturity Date and prior to the expiry of the Warrants if the Common Shares are then traded on a Recognized Exchange (as defined herein) and the volume-weighted average trading price of the Common Shares on such Recognized Exchange is equal to or greater than 125% of the Exercise Price for twenty (20) out of thirty (30) consecutive trading days, at which time the Borrower may accelerate the expiry date of the Warrants providing notice to the Lender of the reduced warrant term whereupon the Warrants will expire on the 20th calendar day after the date of such notice.
- 9.3 For the purposes of this Section 9, “**Recognized Exchange**” means the Toronto Stock Exchange, TSX Venture Exchange, Canadian Stock Exchange, London Stock Exchange or other recognized stock exchange in Canada, the United States, the European Union or the United Kingdom.

10. Automatic Conversion of Loan

- 10.1 Upon the occurrence of a Liquidity Event, the aggregate outstanding principal amounts of the Facility, along with all accrued and unpaid interest thereon, at the time of the consummation of such Liquidity Event, shall immediately and automatically be converted into fully paid and non-assessable Common Shares at a price per Common Share equal to the lesser of (a) \$2.30 per Common Share, and (b) the valuation ascribed to each Common Share pursuant to the Liquidity Event (the “**Conversion Price**”). Upon such conversion of

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the Facility, the Lender hereby agrees to execute and deliver to the Borrower all transaction documents related to the Liquidity Event, including a purchase agreement and other ancillary agreements, with customary representations and warranties and transfer restrictions, and having the same terms as those agreements entered into by the other shareholders of the Borrower. The Lender also agrees to deliver the original of this Agreement, if any, at the closing of the Liquidity Event for cancellation; provided, however, that upon satisfaction of the conditions set forth in this Section 10, this Agreement shall be deemed converted and of no further force and effect, whether or not it is delivered for cancellation as set forth in this sentence. In the event that the Lender is not already a party to the Shareholders' Agreement, the Lender shall be required to execute and deliver to the Borrower a joinder agreement in form and substance satisfactory to the Borrower. The Lender shall not have rights right as a shareholder until all required documents and executed and delivered to the Borrower in connection therewith.

- 10.2 No fractional shares of the Borrower's capital stock shall be issued upon conversion of the Facility and no cash shall be paid to the Lender in lieu thereof.
- 10.3 Except in certain limited circumstances (as determined by the Borrower) the Common Shares (including the Common Shares issuable upon due exercise of the Warrants) issued upon conversion of the Facility shall bear the following legend:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) NOVEMBER 4, 2021, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

- 10.4 In addition, the certificates representing the Common Shares issuable upon conversion of the Facility and Common Shares issuable upon due exercise of the Warrants, when issued, in the event that the Shareholders' Agreement has not been terminated prior to the time of such issuance, shall also bear the following legend:

THIS CERTIFICATE IS SUBJECT TO A UNANIMOUS SHAREHOLDER AGREEMENT AS OF FEBRUARY 24, 2020, AS AMENDED FROM TIME TO TIME, AND IS TRANSFERABLE ONLY IN ACCORDANCE WITH THE PROVISIONS OF SUCH AGREEMENT.

11. Representations and Warranties of the Borrower

- 11.1 The Borrower warrants to the Lender on the date of this Agreement:

11.1.1 it is a duly incorporated company validly existing under the laws of its jurisdiction of incorporation;

11.1.2 it has the power to own its assets and carry on its business as it is being conducted;

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- 11.1.3 it has the power to enter into, deliver and perform, and has taken all necessary action to authorize its entry into, delivery and performance of, this Agreement and the transactions contemplated hereunder; and
- 11.1.4 no limit on its powers will be exceeded as a result of the borrowing contemplated by this Agreement.
- 11.2 The entry into and performance by the Borrower of, and the transactions contemplated by, this Agreement, do not and will not contravene or conflict with:
 - 11.2.1 its constitutional documents;
 - 11.2.2 any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument; or
 - 11.2.3 any law or regulation or judicial or official order, applicable to it.
- 11.3 The Borrower has obtained all required authorizations to enable it to enter into, exercise its rights and comply with its obligations in this Agreement. All such authorizations are in full force and effect.
- 11.4 The Borrower's obligations under this Agreement are legal, valid, binding and enforceable in accordance with its terms.
- 11.5 No Event of Default or Potential Event of Default has occurred and is continuing.
- 11.6 No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination thereof, would constitute) a material default or termination event (howsoever described) under any other agreement or instrument which is binding on the Borrower or to which any of its assets is subject which has or will have a material adverse effect on its business, assets or condition or ability to perform its obligations under this Agreement.
- 11.7 Each of the warranties in this Section 11 is deemed to be repeated by the Borrower on:
 - 11.7.1 the date of a request to drawdown any Loan; and
 - 11.7.2 the date that any Loan is actually drawn down.

12. Representations and Warranties of the Lender

- 12.1 The Lender represents, warrants and acknowledges to the Borrower as follows:
 - 12.1.1 the Lender has the requisite power, authority, legal capacity and competence to execute, deliver and be bound by this Agreement, to perform all of its obligations hereunder and to undertake all actions required of the Lender hereunder, and all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained and the individual signing this Agreement has been duly authorized;

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- 12.1.2 the Lender has been duly organized and is validly existing under the laws of its jurisdiction of incorporation or formation and the laws of any other jurisdiction in which its properties or operations require qualification;
- 12.1.3 The Lender confirms that the Lender has knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Borrower, is aware of the characteristics of the Common Shares and the risks relating to an investment therein, and is able to bear the economic risk of loss of its investment in the Common Shares;
- 12.1.4 the execution and delivery of this Agreement, the performance and compliance with the terms hereof, and the completion of the transactions contemplated hereby will not result in any material breach of, or be in conflict with or constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, by-laws or resolutions of the Lender, the securities laws or any other applicable law, any agreement, instrument, undertaking or covenant to which the Lender is a party or any applicable regulation, judgment, decree, order or ruling; and
- 12.1.5 the Lender understands that there is currently no market for Common Shares (and no such market may exist following a Liquidity Event) and it may not be able to resell the Common Shares except in accordance with limited exemptions available under applicable securities laws and Shareholders' Agreement and the Lender is solely responsible for the Lender's compliance with applicable resale restrictions.

13. Covenants

The Borrower covenants with the Lender that, as of the date of this Agreement until all of its liabilities under this Agreement have been discharged:

- 13.1 It will comply, in all material respects, with all laws, if failure to do so has or is reasonably likely to have a material adverse effect on its business, assets or condition, or its ability to perform its obligations under this Agreement.
- 13.2 It will notify the Lender of any material adverse event or any other Potential Event of Default or Event of Default (and the steps, if any, being taken to remedy it) promptly on becoming aware of its occurrence.

14. Events of Default

Each of the events or circumstances set out in this Section 14 is an Event of Default.

- 14.1 The Borrower fails to pay any sum payable by it under this Agreement, unless its failure to pay is caused solely by an administrative error or technical problem and payment is made within five Business Days of its due date.

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- 14.2 The Borrower fails (other than by failing to pay), to comply with any provision of this Agreement and (if the Lender considers, acting reasonably, that the default is capable of remedy), such default is not remedied within 10 Business Days of the earlier of:
- 14.2.1 the Lender notifying the Borrower of the default and the remedy required; and
 - 14.2.2 the Borrower becoming aware of the default.
- 14.3 Any representation or warranty made by the Borrower pursuant to this Agreement is (or proves to have been) is false in any material.
- 14.4 The Borrower:
- 14.4.1 commences or institutes any application, proceeding or other action under any statute, rule or regulation relating to bankruptcy, insolvency, winding-up, reorganization, administration, plans of arrangement, relief or protection of debtors, including, without limitation, any bankruptcy and insolvency law and any applicable corporate legislation, seeking (a) to have an order for relief entered with respect to it, (b) to adjudicate it as bankrupt or insolvent, or (c) reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, compromise, arrangement, stay of proceedings of creditors generally, or other relief with respect to it or its debts;
 - 14.4.2 makes a general assignment for the benefit of its creditors;
 - 14.4.3 declares a general moratorium on payment of its Indebtedness or interest thereon, or proposes a compromise or arrangement between it and any of its creditors; or
 - 14.4.4 takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in Section 14.5.
- 14.5 With respect to the Borrower:
- 14.5.1 there is commenced against the Borrower in a court of competent jurisdiction any application, proceeding or other action of a nature referred to in Section 14.4 which (a) results in the entry of an order for relief or any such adjudication or appointment, or (b) remains undismissed, undischarged, unstayed or unbonded for 10 Business Days;
 - 14.5.2 there is commenced against the Borrower any application, proceeding or other action seeking issuance of a warrant of seizure and sale, execution, garnishment or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, stayed or bonded pending appeal within 10 Business Days from the entry thereof; or
 - 14.5.3 the Borrower is unable to, or admits in writing its inability to, pay its debts as they become due.

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14.6 This Agreement ceases for any reason to be valid, binding and in full force and effect.

14.7 If:

14.7.1 any material provision of this Agreement ceases for any reason to be valid, binding and in full force and effect, other than as expressly permitted hereunder or thereunder;

14.7.2 the Borrower contests in any manner the validity or enforceability of any provision of this Agreement; or

14.7.3 the Borrower denies that it has any or further liability or obligation under any provision of this Agreement or purports to revoke, terminate or rescind any provision of this Agreement.

14.8 The Borrower suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

15. Remedies upon Event of Default

15.1 At any time after an Event of Default has occurred which is continuing, the Lender may, by notice to the Borrower:

15.1.1 cancel all outstanding obligations of the Lender under this Agreement whereupon they shall immediately be cancelled;

15.1.2 declare that the Facility (and all accrued interest and all other amounts outstanding under this Agreement) is accelerated and is immediately due and payable, whereupon they shall become immediately due and payable upon written notice to that effect from the Lender to the Borrower, all without any other notice and without presentment, protest, demand, notice of dishonour or any other demand whatsoever (all of which are expressly waived by the Borrower); and/or

15.1.3 declare that the Facility (and all accrued interest and all other amounts outstanding under this Agreement) be payable on demand, whereupon it shall become immediately payable on demand by the Lender.

16. Right of Set-off

If an Event of Default shall have occurred and is continuing, the Lender and each of its affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set-off, appropriate and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Lender or any affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower to the Lender under this Agreement now or hereafter existing, whether direct or indirect, absolute or contingent, matured or unmatured, and irrespective of whether or not the Lender or any affiliate shall have made any demand under this Agreement and although

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such obligations of the Borrower to the Lender under this Agreement are owed to an affiliate of the Lender different from the affiliate holding such deposit or obligated on such Indebtedness. The Lender agrees to notify the Borrower promptly after any such set-off and appropriation and application; provided that the failure to give such notice shall not affect the validity of such set-off and appropriation and application. The rights of the Lender and each of its affiliates under this Section 16 are in addition to any other rights and remedies available to them (including, without limitation, other rights of set-off, consolidation of accounts or bankers' liens).

17. Amendments, Waivers and Consents and Remedies

- 17.1 This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.
- 17.2 The rights and remedies provided under this Agreement are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law or otherwise.

18. Existing Loan Agreement

The parties hereto acknowledge and agree that each reference in the Existing Loan Agreement to "Unsecured Convertible Loan Agreement" or any other reference to the same effect shall mean and be a reference to "Secured Convertible Loan Agreement". For greater certainty, notwithstanding any other term to the contrary in the Existing Loan Agreement, the parties hereto confirm that it is their intention that the obligations of the Borrower to the Lender under the Existing Loan Agreement be secured by the GSA. All other terms of the Existing Loan Agreement shall remain unchanged.

19. Further Assurance

The Borrower shall execute any and all further documents, agreements and instruments, and shall take all such further actions which may be required under Canadian law, or which the Lender may reasonably request under Canadian law, to effectuate the transactions contemplated by this Agreement.

20. Severance

If any provision (or part of a provision) of this Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or

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part of a provision) shall be deemed deleted. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

21. Assignment and Transfer

Neither the Borrower nor the Lender may assign any of their respective rights or transfer any of their respective rights or obligations under this Agreement without the prior written consent of the other party.

22. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including portable document format (.pdf) or any electronic signature complying with applicable law) or other transmission method and any counterpart so delivered is deemed to have been duly and validly delivered and be valid and effective for all purposes.

23. Third Party Rights

This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

24. Notices

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given on the date sent by facsimile or email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 24):

If to the Borrower: 11157353 Canada Corp. dba Materia

Attention: Deepak Anand / Dennis Beker
Email: deepak@materiaventures.com /
dennis@materiaventures.com

If to the Lender: Ela Capital Inc.

Attention: Vijay Sappani

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Email: vijay@elacapital.ca

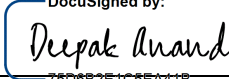
25. Governing Law and Jurisdiction

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein (without giving effect to any conflicts or choice of law provisions thereof that would cause the application of the domestic substantive laws of any other jurisdiction). The parties hereby (a) irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of the Province of Ontario for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the courts of Province of Ontario, and (c) waive, and agree not to assert, by way of motion, as a defence, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or its subject matter may not be enforced in or by such court.

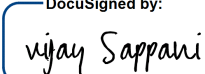
[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF this Agreement has been executed and delivered on the date first stated above.

11157353 CANADA CORP. DBA MATERIA

Per: DocuSigned by:

75D0B2E1C9EA41B...
Name: Deepak Anand
Title: CEO

ELA CAPITAL INC.

Per: DocuSigned by:

A68245D074424BD...
Name: Vijay Sappani
Title: Director

THIS IS **EXHIBIT “E”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) MARCH 9, 2022, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

SECURED CONVERTIBLE LOAN AGREEMENT

THIS AGREEMENT is made as of the 9th day of March, 2022 between:

11157353 CANADA CORP. DBA MATERIA, a corporation existing under the laws of Canada (the "**Borrower**");

- and -

ELA CAPITAL INC., a corporation existing under the laws of Canada (the "**Lender**").

WHEREAS the Borrower desires to borrow up to the Facility Limit (as defined herein) from the Lender pursuant to the terms of this Agreement, a portion of which (referred to herein as the Advanced Portion) has already been advanced by the Borrower to the Lender;

AND WHEREAS the Borrower and the Lender have entered into the Existing Loan Agreement (as defined herein) pursuant to which the Borrower has agreed to grant security to the Lender over all of its present and after-acquired property and assets to secure all obligations owing by the Borrower to the Lender, including the indebtedness and all other obligations from time to time under the Existing Loan Agreement;

AND WHEREAS subject to consent of Kanabo Group Plc pursuant to the terms of the Kanabo Loan Agreements (as defined herein), as consideration for the Lender making the loans hereunder to the Borrower, the Borrower agrees to grant security to the Lender over all of its present and after-acquired property and assets to secure all obligations owing by the Borrower to the Lender, including the indebtedness and all other obligations from time to time under this Agreement;

THIS AGREEMENT WITNESSETH THAT in consideration of the covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. Definitions and Interpretation

1.1 Definitions

The following definitions apply in this Agreement.

- (a) "**Advanced Amount**" means the principal amount of the Facility actually advanced by the Lender to the Borrower from time to time hereunder pursuant to Section 4 below;

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- (b) “**Advanced Portion**” means the aggregate principal amount of \$960,494.65;
- (c) “**Agreement**” means this convertible loan agreement, as the same may be amended, modified or supplemented from time to time;
- (d) “**Business Day**” means a day other than a Saturday, Sunday or public holiday when banks in Toronto are open for business;
- (e) “**Common Shares**” means the common shares in the capital of the Borrower as currently constituted, or any shares into which such common shares may be converted or exchanged;
- (f) “**Conversion Date**” means the date upon which any Liquidity Event occurs;
- (g) “**Conversion Price**” shall mean a price per Common Share implying a pre-money equity valuation of the Borrower of \$7,000,000 on a non-diluted basis;
- (h) “**Dollars and \$**” means the lawful currency of Canada;
- (i) “**Event of Default**” means any event or circumstance listed in Section 13.1 to Section 13.8 inclusive;
- (j) “**Existing Loan Agreement**” means the Initial Loan Agreement and Subsequent Loan Agreement;
- (k) “**Facility**” means the aggregate principal amount of each Loan made or to be made by the Lender to the Borrower under this Agreement or (as the context requires) the principal amount outstanding for the time being of each Loan;
- (l) “**Facility Limit**” means the aggregate principal amount of \$1,500,000;
- (m) “**GSA**” means the general security agreement dated November 4, 2021 by the Borrower in favour of the Lender;
- (n) “**Indebtedness**” means any obligation to pay or repay money, present or future, whether actual or contingent, sole or joint and any guarantee or indemnity of any of those obligations;
- (o) “**Initial Loan Agreement**” means the convertible loan agreement dated June 4, 2021 between the Borrower and the Lender;
- (p) “**Kanabo Loan Agreements**” means collectively (i) the loan agreement dated July 25, 2021 entered into between the Borrower and Kanabo Group Plc; and (ii) the loan agreement dated November 4, 2021 entered into between the Borrower and Kanabo Group Plc;
- (q) “**Liquidity Event**” means (i) the acquisition, by any Person and/or its affiliates, directly or indirectly, of greater than 50% of the outstanding voting Common Shares outstanding on the date hereof, in exchange for cash or marketable

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securities, whether by way of arrangement, merger, amalgamation, share purchase, take-over bid, business combination or any similar transaction; (ii) the sale for cash proceeds of all, or substantially all, of the assets of the Borrower; or (iii) the listing of the Common Shares or such other securities as the Common Shares may be exchangeable for or convertible into, including for greater certainty, in connection with a reverse take-over transaction, on the Toronto Stock Exchange, TSX Venture Exchange, the Canadian Securities Exchange, London Stock Exchange or such other recognized national exchange in the United Kingdom, Europe or Canada as the board of the directors of the Borrower may determine;

- (r) **“Loan”** means a loan made or to be made by the Lender to the Borrower under this Agreement, including the Advanced Portion, or the principal amount outstanding for the time being of that loan;
- (s) **“Maturity Date”** has the meaning prescribed in Section 7.1 (and shall take into account any extension provided under Section 7);
- (t) **“Person”** means an individual, corporation, partnership, joint venture, unlimited liability company, governmental authority, unincorporated organization, trust, association or other entity;
- (u) **“Potential Event of Default”** means any event or circumstance specified in Section 13.1 to Section 13.8, inclusive, that would, on the giving of notice, expiry of any grace period or the making of any determination under this Agreement, or satisfaction of any other condition (or any combination thereof), become an Event of Default;
- (v) **“Shareholders’ Agreement”** means the unanimous shareholders’ agreement of the Borrower made as of February 24, 2020, as amended, restated or supplanted from time to time;
- (w) **“Subsequent Drawdown”** has the meaning prescribed in Section 4;
- (x) **“Subsequent Loan Agreement”** means the convertible loan agreement dated November 4, 2021 between the Borrower and the Lender;

1.2 Interpretation

In this Agreement:

- 1.2.1 the division of this Agreement into Sections and other subdivisions and the inclusion of headings and a table of contents are provided for convenience only and do not affect the construction or interpretation of this Agreement;
- 1.2.2 unless the context otherwise requires, words in the singular shall include the plural and words in the plural shall include the singular;

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- 1.2.3 a reference to a party shall include that party's successors, permitted assigns and permitted transferees;
- 1.2.4 a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;
- 1.2.5 a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;
- 1.2.6 an obligation on a party not to do something includes an obligation not to allow that thing to be done;
- 1.2.7 a reference to this Agreement (or any provision of it) or to any other agreement or document referred to in this Agreement is a reference to this Agreement, that provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this Agreement) from time to time;
- 1.2.8 unless the context otherwise requires, a reference to a Section is to a Section of this Agreement;
- 1.2.9 any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- 1.2.10 a reference to an amendment includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly); and
- 1.2.11 a reference to continuing in relation to an Event of Default means an Event of Default that has not been waived in writing by the Lender.

2. The Facility

The Lender grants to the Borrower a convertible term loan facility of a total principal amount not exceeding the Facility Limit, inclusive of the Advanced Portion, on the terms, and subject to the conditions, of this Agreement.

3. Purpose

The Borrower shall use all money borrowed under this Agreement for capital expenditures related to the Borrower's facility located in the Republic of Malta and for general corporate and working capital purposes.

4. Drawing

The Borrower may draw on the Facility on any Business Day on or after the date of this Agreement, but prior to the Maturity Date, in one single or multiple advances (the "**Subsequent Drawdowns**"), an aggregate principal amount equal to the difference between the Facility Limit and the Advanced Portion. The Borrower shall give the Lender at least five (5) Business Days' prior notice of the date on which the Borrower wants to

drawdown on the Facility (such period may be reduced by the agreement of the Lender) specifying the Business Day on which it is to be made and the bank account to which payment is to be made. The Lender shall have sole discretion as to whether or not to advance any Subsequent Drawdowns.

5. Security

Contingent on receipt of the consent of Kanabo Group Plc pursuant to the Kanabo Loan Agreement solely with respect to the Loan under this Agreement only, the Borrower shall, pursuant to the GSA, grant a further security interest in favour of the Lender over all of its present and after-acquired property and assets as security for all obligations owing by the Borrower to the Lender under this Agreement, including, without limitation, the indebtedness and all other obligations under this Agreement.

6. Interest

- 6.1 The Borrower shall pay interest on the outstanding balance of each Loan at the rate of 12.5% per annum which shall accrue semi-annually and shall be due upon the earlier of (a) the Conversion Date in Common Shares and in accordance with Section 9, and (b) the Maturity Date, in cash.
- 6.2 For the purposes of the *Interest Act* (Canada) and disclosure under such act, whenever interest to be paid under this Agreement is to be calculated on the basis of a year of 365 days or 360 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined, multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 365, 360, or such other period of time, as the case may be.
- 6.3 In calculating interest or fees payable under this Agreement for any period, unless otherwise specifically stated, the first day of such period shall be included and the last day of such period shall be excluded.
- 6.4 Notwithstanding anything herein to the contrary, in no event shall any interest rate or rates referred to herein (together with other fees payable hereunder which are construed by a court of competent jurisdiction to be interest or in the nature of interest) exceed the maximum interest rate permitted by applicable law. If such maximum interest rate would be exceeded by the terms hereof, the rates of interest payable hereunder shall be reduced to the extent necessary so that such rates (together with other fees which are construed by a court of competent jurisdiction to be interest or in the nature of interest) equal the maximum interest rate permitted by law, and any overpayment of interest received by the Lender theretofore shall be applied, forthwith after determination of such overpayment, to pay all then outstanding interest, and thereafter to pay outstanding principal, as if the same were a prepayment of principal and treated accordingly hereunder.

7. Repayment

- 7.1 Subject to the terms of this Agreement, the Borrower shall repay the aggregate outstanding principal amounts of the Facility, along with all accrued and unpaid interest thereon, in full, on the date that is one year following the date of the last Subsequent Drawdown (the “**Maturity Date**”). If such Maturity Date does not fall on a Business Day, the Maturity Date shall be the following Business Day. Upon mutual written agreement between the Lender and the Borrower, the Maturity Date may be extended for such period agreed to between the Lender and the Borrower.
- 7.2 The Borrower shall have the right, but not the obligation, at any time and from time to time, prior to the Maturity Date, to repay the whole or any part of the outstanding principal amount of the Facility, together with all unpaid and accrued interest to the date of payment on that portion of the outstanding principal to be repaid, without notice, penalty or bonus.

8. Payments

- 8.1 All payments made by the Borrower under this Agreement shall be in Dollars and in immediately available cleared funds to the Lender at such account as the Lender may notify to the Borrower.
- 8.2 If any payment becomes due on a day that is not a Business Day, the due date of such payment shall be the immediately preceding Business Day.
- 8.3 All payments made by the Borrower under this Agreement shall be made in full, without set-off, counterclaim or condition, and free and clear of, and without any deduction or withholding; provided that, if the Borrower is required by law or regulation to make such deduction or withholding, it shall:
- 8.3.1 ensure that the deduction or withholding does not exceed the minimum amount legally required;
 - 8.3.2 pay to the relevant taxation or other authorities, as appropriate, the full amount of the deduction or withholding;
 - 8.3.3 furnish to the Lender, within the period for payment permitted by the relevant law, either:
 - (a) an official receipt of the relevant taxation authorities concerned on payment to them of amounts so deducted or withheld; or
 - (b) if such receipts are not issued by the taxation authorities concerned on payment to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding; and
 - 8.3.4 pay to the Lender such additional amount as is necessary to ensure that the net full amount received by the Lender after the required deduction or withholding is equal

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to the amount that the Lender would have received had no such deduction or withholding been made.

9. Automatic Conversion of Loan

9.1 Upon the occurrence of a Liquidity Event, the aggregate outstanding principal amounts of the Facility, along with all accrued and unpaid interest thereon, at the time of the consummation of such Liquidity Event, shall immediately and automatically be converted into fully paid and non-assessable Common Shares at a price per Common Share equal to the Conversion Price. Upon such conversion of the Facility, the Lender hereby agrees to execute and deliver to the Borrower all transaction documents related to the Liquidity Event, including a purchase agreement and other ancillary agreements, with customary representations and warranties and transfer restrictions, and having the same terms as those agreements entered into by the other shareholders of the Borrower. The Lender also agrees to deliver the original of this Agreement, if any, at the closing of the Liquidity Event for cancellation; provided, however, that upon satisfaction of the conditions set forth in this Section 9, this Agreement shall be deemed converted and of no further force and effect, whether or not it is delivered for cancellation as set forth in this sentence. In the event that the Lender is not already a party to the Shareholders' Agreement, the Lender shall be required to execute and deliver to the Borrower a joinder agreement in form and substance satisfactory to the Borrower. The Lender shall not have rights right as a shareholder until all required documents and executed and delivered to the Borrower in connection therewith.

9.2 No fractional shares of the Borrower's capital stock shall be issued upon conversion of the Facility and no cash shall be paid to the Lender in lieu thereof.

9.3 Except in certain limited circumstances (as determined by the Borrower) the Common Shares issued upon conversion of the Facility shall bear the following legend:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) MARCH 9, 2022, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

9.4 In addition, the certificates representing the Common Shares issuable upon conversion of the Facility, when issued, in the event that the Shareholders' Agreement has not been terminated prior to the time of such issuance, shall also bear the following legend:

THIS CERTIFICATE IS SUBJECT TO A UNANIMOUS SHAREHOLDER AGREEMENT AS OF FEBRUARY 24, 2020, AS AMENDED FROM TIME TO TIME, AND IS TRANSFERABLE ONLY IN ACCORDANCE WITH THE PROVISIONS OF SUCH AGREEMENT.

10. Representations and Warranties of the Borrower

10.1 The Borrower warrants to the Lender on the date of this Agreement:

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- 10.1.1 it is a duly incorporated company validly existing under the laws of its jurisdiction of incorporation;
 - 10.1.2 it has the power to own its assets and carry on its business as it is being conducted;
 - 10.1.3 it has the power to enter into, deliver and perform, and has taken all necessary action to authorize its entry into, delivery and performance of, this Agreement and the transactions contemplated hereunder; and
 - 10.1.4 no limit on its powers will be exceeded as a result of the borrowing contemplated by this Agreement.
- 10.2 The entry into and performance by the Borrower of, and the transactions contemplated by, this Agreement, do not and will not contravene or conflict with:
- 10.2.1 its constitutional documents;
 - 10.2.2 any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument; or
 - 10.2.3 any law or regulation or judicial or official order, applicable to it.
- 10.3 The Borrower has obtained all required authorizations to enable it to enter into, exercise its rights and comply with its obligations in this Agreement. All such authorizations are in full force and effect.
- 10.4 The Borrower's obligations under this Agreement are legal, valid, binding and enforceable in accordance with its terms.
- 10.5 No Event of Default or Potential Event of Default has occurred and is continuing.
- 10.6 No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination thereof, would constitute) a material default or termination event (howsoever described) under any other agreement or instrument which is binding on the Borrower or to which any of its assets is subject which has or will have a material adverse effect on its business, assets or condition or ability to perform its obligations under this Agreement.
- 10.7 Each of the warranties in this Section 10 is deemed to be repeated by the Borrower on:
- 10.7.1 the date of a request to drawdown any Loan; and
 - 10.7.2 the date that any Loan is actually drawn down.

11. Representations and Warranties of the Lender

- 11.1 The Lender represents, warrants and acknowledges to the Borrower as follows:

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- 11.1.1 the Lender has the requisite power, authority, legal capacity and competence to execute, deliver and be bound by this Agreement, to perform all of its obligations hereunder and to undertake all actions required of the Lender hereunder, and all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained and the individual signing this Agreement has been duly authorized;
- 11.1.2 the Lender has been duly organized and is validly existing under the laws of its jurisdiction of incorporation or formation and the laws of any other jurisdiction in which its properties or operations require qualification;
- 11.1.3 The Lender confirms that the Lender has knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Borrower, is aware of the characteristics of the Common Shares and the risks relating to an investment therein, and is able to bear the economic risk of loss of its investment in the Common Shares;
- 11.1.4 the execution and delivery of this Agreement, the performance and compliance with the terms hereof, and the completion of the transactions contemplated hereby will not result in any material breach of, or be in conflict with or constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, by-laws or resolutions of the Lender, the securities laws or any other applicable law, any agreement, instrument, undertaking or covenant to which the Lender is a party or any applicable regulation, judgment, decree, order or ruling; and
- 11.1.5 the Lender understands that there is currently no market for Common Shares (and no such market may exist following a Liquidity Event) and it may not be able to resell the Common Shares except in accordance with limited exemptions available under applicable securities laws and Shareholders' Agreement and the Lender is solely responsible for the Lender's compliance with applicable resale restrictions.

12. Covenants

The Borrower covenants with the Lender that, as of the date of this Agreement until all of its liabilities under this Agreement have been discharged:

- 12.1 It will comply, in all material respects, with all laws, if failure to do so has or is reasonably likely to have a material adverse effect on its business, assets or condition, or its ability to perform its obligations under this Agreement.
- 12.2 It will notify the Lender of any material adverse event or any other Potential Event of Default or Event of Default (and the steps, if any, being taken to remedy it) promptly on becoming aware of its occurrence.

13. Events of Default

Each of the events or circumstances set out in this Section 13 is an Event of Default.

- 13.1 The Borrower fails to pay any sum payable by it under this Agreement, unless its failure to pay is caused solely by an administrative error or technical problem and payment is made within five Business Days of its due date.
- 13.2 The Borrower fails (other than by failing to pay), to comply with any provision of this Agreement and (if the Lender considers, acting reasonably, that the default is capable of remedy), such default is not remedied within 10 Business Days of the earlier of:
 - 13.2.1 the Lender notifying the Borrower of the default and the remedy required; and
 - 13.2.2 the Borrower becoming aware of the default.
- 13.3 Any representation or warranty made by the Borrower pursuant to this Agreement is (or proves to have been) is false in any material.
- 13.4 The Borrower:
 - 13.4.1 commences or institutes any application, proceeding or other action under any statute, rule or regulation relating to bankruptcy, insolvency, winding-up, reorganization, administration, plans of arrangement, relief or protection of debtors, including, without limitation, any bankruptcy and insolvency law and any applicable corporate legislation, seeking (a) to have an order for relief entered with respect to it, (b) to adjudicate it as bankrupt or insolvent, or (c) reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, compromise, arrangement, stay of proceedings of creditors generally, or other relief with respect to it or its debts;
 - 13.4.2 makes a general assignment for the benefit of its creditors;
 - 13.4.3 declares a general moratorium on payment of its Indebtedness or interest thereon, or proposes a compromise or arrangement between it and any of its creditors; or
 - 13.4.4 takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in Section 13.5.
- 13.5 With respect to the Borrower:
 - 13.5.1 there is commenced against the Borrower in a court of competent jurisdiction any application, proceeding or other action of a nature referred to in Section 13.4 which (a) results in the entry of an order for relief or any such adjudication or appointment, or (b) remains undismissed, undischarged, unstayed or unbonded for 10 Business Days;
 - 13.5.2 there is commenced against the Borrower any application, proceeding or other action seeking issuance of a warrant of seizure and sale, execution, garnishment or

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similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, stayed or bonded pending appeal within 10 Business Days from the entry thereof; or

- 13.5.3 the Borrower is unable to, or admits in writing its inability to, pay its debts as they become due.
- 13.6 This Agreement ceases for any reason to be valid, binding and in full force and effect.
- 13.7 If:
 - 13.7.1 any material provision of this Agreement ceases for any reason to be valid, binding and in full force and effect, other than as expressly permitted hereunder or thereunder;
 - 13.7.2 the Borrower contests in any manner the validity or enforceability of any provision of this Agreement; or
 - 13.7.3 the Borrower denies that it has any or further liability or obligation under any provision of this Agreement or purports to revoke, terminate or rescind any provision of this Agreement.
- 13.8 The Borrower suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

14. Remedies upon Event of Default

- 14.1 At any time after an Event of Default has occurred which is continuing, the Lender may, by notice to the Borrower:
 - 14.1.1 cancel all outstanding obligations of the Lender under this Agreement whereupon they shall immediately be cancelled;
 - 14.1.2 declare that the Facility (and all accrued interest and all other amounts outstanding under this Agreement) is accelerated and is immediately due and payable, whereupon they shall become immediately due and payable upon written notice to that effect from the Lender to the Borrower, all without any other notice and without presentment, protest, demand, notice of dishonour or any other demand whatsoever (all of which are expressly waived by the Borrower); and/or
 - 14.1.3 declare that the Facility (and all accrued interest and all other amounts outstanding under this Agreement) be payable on demand, whereupon it shall become immediately payable on demand by the Lender.

15. Right of Set-off

If an Event of Default shall have occurred and is continuing, the Lender and each of its affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set-off, appropriate and apply any and all deposits (general or special,

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time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Lender or any affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower to the Lender under this Agreement now or hereafter existing, whether direct or indirect, absolute or contingent, matured or unmatured, and irrespective of whether or not the Lender or any affiliate shall have made any demand under this Agreement and although such obligations of the Borrower to the Lender under this Agreement are owed to an affiliate of the Lender different from the affiliate holding such deposit or obligated on such Indebtedness. The Lender agrees to notify the Borrower promptly after any such set-off and appropriation and application; provided that the failure to give such notice shall not affect the validity of such set-off and appropriation and application. The rights of the Lender and each of its affiliates under this Section 15 are in addition to any other rights and remedies available to them (including, without limitation, other rights of set-off, consolidation of accounts or bankers' liens).

16. Amendments, Waivers and Consents and Remedies

- 16.1 This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.
- 16.2 The rights and remedies provided under this Agreement are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law or otherwise.

17. Further Assurance

The Borrower shall execute any and all further documents, agreements and instruments, and shall take all such further actions which may be required under Canadian law, or which the Lender may reasonably request under Canadian law, to effectuate the transactions contemplated by this Agreement.

18. Severance

If any provision (or part of a provision) of this Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or part of a provision) shall be deemed deleted. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

19. Assignment and Transfer

Neither the Borrower nor the Lender may assign any of their respective rights or transfer any of their respective rights or obligations under this Agreement without the prior written consent of the other party.

20. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including portable document format (.pdf) or any electronic signature complying with applicable law) or other transmission method and any counterpart so delivered is deemed to have been duly and validly delivered and be valid and effective for all purposes.

21. Third Party Rights

This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

22. Notices

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given on the date sent by facsimile or email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 22):

If to the Borrower: 11157353 Canada Corp. dba Materia

Attention: Vijay Sappani

Email: vijay@materiaventures.com

If to the Lender: Ela Capital Inc.

Attention: Ben Trefler

Email: ben@elacapital.ca

23. Governing Law and Jurisdiction

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein (without giving effect to any conflicts or choice of law provisions thereof that would cause the application of the domestic substantive laws of any other jurisdiction). The parties hereby (a) irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of the

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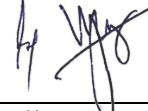
Province of Ontario for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the courts of Province of Ontario, and (c) waive, and agree not to assert, by way of motion, as a defence, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or its subject matter may not be enforced in or by such court.

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IN WITNESS WHEREOF this Agreement has been executed and delivered on the date first stated above.

11157353 CANADA CORP. DBA MATERIA

Per:



Name: Vijay Sappani

Title: Director

ELA CAPITAL INC.

Per:

Name: Benjamin Trefler

Title: Authorized Signatory

IN WITNESS WHEREOF this Agreement has been executed and delivered on the date first stated above.

11157353 CANADA CORP. DBA MATERIA

Per: _____

Name: Vijay Sappani

Title: Director

ELA CAPITAL INC.

Per: _____



Name: Benjamin Trefler

Title: Authorized Signatory

AMENDMENT TO LOAN AGREEMENT

Amendment No. 1 to secured convertible loan agreement, dated March 9, 2022 (the "**Amendment**"), between 11157353 Canada Corp. dba Materia ("**Borrower**"), and Ela Capital Inc. ("**Lender**", and together with Borrower, the "**Parties**", and each, a "**Party**").

WHEREAS, the Parties have entered into a secured convertible loan agreement dated March 9, 2022 (the "**Existing Agreement**"); and

WHEREAS, as of the date hereof, Borrower has borrowed \$1,095,495 of the Facility Limit; and

WHEREAS, the Parties hereto desire to amend the Existing Agreement to reflect certain changes to the terms therein on the terms and subject to the conditions set forth herein; and

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Existing Agreement.

2. Amendments to the Existing Agreement. As of the Effective Date (defined below), the Existing Agreement is hereby amended or modified as follows:

(a) The following new definition is added to Section 1.1:

"Facility Limit" means the aggregate principal amount of \$1,195,495

"Subsequent Advanced Portion Conversion Price" shall mean a price per Common Share implying a pre-money equity valuation of the Borrower of \$5,000,000 on a non-diluted basis;

(b) The first sentence within subsection 9.1 "Automatic Conversion of Loan" in the Existing Agreement is hereby deleted in its entirety and replaced by the following:

Upon the occurrence of a Liquidity Event, the aggregate outstanding principal amounts of the Facility, along with all accrued and unpaid interest thereon, at the time of the consummation of such Liquidity Event, shall immediately and automatically be converted into fully paid and non-assessable Common Shares at a price per Common Share equal to, (i) with respect to the first \$1,095,495 advanced by the Lender under the Facility (along with all accrued and unpaid interest thereon), the Conversion Price and (ii) with respect to the remaining \$100,000 advanced by the Lender under the Facility (along with all accrued and unpaid interest thereon), if any such amount is actually advanced, the Subsequent Advanced Portion Conversion Price.

3. Date of Effectiveness; Limited Effect. This Amendment will become effective as of the date first written above (the "**Effective Date**"). Except as expressly provided in this Amendment, all of the terms and provisions of the Existing Agreement are and will remain in full force and

effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Existing Agreement or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Effective Date, each reference in the Existing Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein," or words of like import will mean and be a reference to the Existing Agreement as amended by this Amendment.

4. Representations and Warranties. Each Party hereby represents and warrants to the other Party that:

(a) It has all necessary corporate power and authority to enter into this Amendment and to perform its obligations hereunder and under the Existing Agreement as amended by this Amendment.

(b) The execution of this Amendment by the individual whose signature is set forth at the end of this Amendment on behalf of such Party, and the delivery of this Amendment by such Party, have been duly authorized by all necessary corporate action on the part of such Party.

(c) This Amendment has been executed and delivered by such Party and (assuming due authorization, execution, and delivery by the other Party hereto) constitutes the legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms[, except as may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity.

5. Miscellaneous

(a) Governing Law. This Amendment is governed by and construed in accordance with the laws of the Province of Ontario.

(b) Successors and Assigns. This Amendment is binding upon and shall enure to the benefit of the Parties hereto and their respective successors and assigns.

(c) Headings. The headings in this Amendment are for reference only and do not affect the interpretation of this Amendment.

(d) Counterparts. This Amendment may be executed in counterparts, each of which is deemed an original, but all of which together constitutes one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

(e) Entire Agreement. This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

11157353 CANADA CORP. dba MATERIA

By  _____

Name: Vijay Sappani

Title: Director

ELA CAPITAL INC.

By *Benjamin Trefler*

Name: Benjamin Trefler

Title: Authorized Signatory

THIS IS **EXHIBIT “F”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

TERM PROMISSORY NOTE

September 15th, 2022

FOR VALUE RECEIVED, 11157353 Canada Corp. dba Materia (the “**Debtor**”) hereby promises to pay, on the Maturity Date (as hereinafter defined), to or to the order of Ela Capital Inc. (the “**Lender**”) at 72 Leadership Drive, Brampton, Ontario, or at such other place designated by the Lender, in lawful money of Canada, the principal amount of C\$67,000.

The term “**Maturity Date**” shall mean the earlier of (i) the one year anniversary of the date first indicated above, and (ii) the closing date of the acquisition of all of the issued and outstanding shares and other equity interests of the Debtor by an arm’s length third party.

The amounts owing from time to time under this Promissory Note shall bear interest at a rate of 12.5%, payable on the Maturity Date.

At any time, the Debtor shall have the right, but not the obligation, to repay the whole or any part of the amount outstanding under this Promissory Note without penalty or bonus.

Payments made by the Debtor shall be made (i) by wire transfer in immediately available funds to the account of the Lender as directed by the Lender from time to time, (ii) by certified cheque payable to the Lender at the address as directed by the Lender from time to time, or (iii) as the Lender may further direct in writing from time to time.

The Debtor hereby waives presentment for payment, demand, notice of non-payment, notice of protest of this Promissory Note, and all other notices in connection with the delivery, acceptance, performance or enforcement of or default under this Promissory Note, and waives diligence in collection or bringing suit with respect to this Promissory Note.

This Promissory Note shall not be assignable by either party without the prior written consent of the other party. This Promissory Note and every part hereof shall be binding upon the Debtor and its permitted assigns and shall enure to the benefit of and be enforceable by the Lender and any of its permitted assigns.

This Promissory Note shall be construed, interpreted and applied in accordance with, and shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

DATED as of the date first indicated above.

11157353 CANADA CORP. DBA MATERIA

Per:


Name: Vijay Sappani
Title: Director

THIS IS **EXHIBIT “G”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

GENERAL SECURITY AGREEMENT

THIS AGREEMENT executed as of the 4th day of November, 2021

BY:

11157353 CANADA CORP. DBA MATERIA, a corporation existing under the laws of Canada

(the “**Debtor**”)

IN FAVOUR OF:

ELA CAPITAL INC., a corporation existing under the laws of Canada

(the “**Creditor**”)

WHEREAS the Debtor is, or may become, indebted or liable to the Creditor pursuant to the terms of the Existing Loan Agreement (as defined herein) and the New Loan Agreement (as defined herein);

AND WHEREAS as consideration for, and as a condition to, the Creditor making the loans available to the Debtor under the New Loan Agreement, the Debtor has agreed to grant security to the Creditor over all of its present and after-acquired property and assets to secure all obligations owing by the Debtor to the Creditor, including, without limitation, the indebtedness and all other obligations from time to time under the Existing Loan Agreement and the New Loan Agreement;

THIS AGREEMENT WITNESSES that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor hereby agrees as follows:

Definitions and Interpretation

1. In this agreement, all capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreements (as defined below), as the context requires, and the following words shall, unless otherwise provided, have the meanings set out below:

“**Collateral**” means all present, future and after-acquired property, assets and undertaking of the Debtor including the following:

- (a) all present and future equipment of the Debtor, including all of its present and future machinery, fixtures, plant, tools, furniture, books, records, documents, vehicles of any nature, kind or description, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating to the foregoing;

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- (b) all present and future inventory of the Debtor, including all of its present and future raw materials, materials used or consumed in its business, work-in-progress, finished goods, goods used for packing and goods acquired or held for sale or lease or that have been leased or furnished or that are to be furnished under contracts of rental or service, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing;
- (c) all present and future intangibles of the Debtor, including all of its present and future accounts and other amounts receivable, book debts, goodwill, Intellectual Property and choses in action of every nature and kind;
- (d) all present and future documents of title, contracts, chattel paper, instruments, money and securities of the Debtor;
- (e) all present and future Investment Assets;
- (f) all substitutions or exchanges from time to time in respect of any of the foregoing Investment Assets;
- (g) all dividends, distributions and other income (whether in the form of Money, Investment Assets or any other property) derived from or in respect of any of the foregoing Investment Assets or payable in connection therewith and all monies and property received or receivable in the nature of the return or repayment of capital in respect thereof;
- (h) all other present and future property, assets, and undertaking of the Debtor of any nature or kind, including all property, assets and undertaking at any time owned, leased or licensed by the Debtor or in which the Debtor at any time has any right or interest or to which the Debtor is or may at any time become entitled; and
- (i) all proceeds derived directly or indirectly from any dealing with any of the foregoing, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto;

“Contractual Right” means any agreement, right, franchise, licence, authorization, approval, equipment lease or sublease, privilege or permit (a) to which the Debtor is now or hereafter becomes a party, (b) in which the Debtor now or hereafter has any interest or (c) of which the Debtor is or hereafter becomes a beneficiary;

“Documents” means the Loan Agreements and this General Security Agreement;

“Existing Loan Agreement” means the unsecured convertible loan agreement dated June 4, 2021 between the Debtor and the Creditor, as amended, amended and restated, supplemented or otherwise modified from time to time;

“Intellectual Property” means all patents, trade-marks, trade names, business names, trade styles, logos and other business identifiers, copyrights, technology, inventions, industrial designs, know-how, trade secrets and other industrial and intellectual property in which the Debtor has any right, title or interest;

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“Investment Assets” means all present and future Investment Property (as such term is defined in the PPSA) and Financial Assets (as such term is defined in the STA) held by the Debtor, including all present and future options and warrants held by the Debtor and all other rights and entitlements arising therefrom or related thereto, and the Debtor present and future interests in partnerships, limited partnerships, limited liability partnerships and limited liability companies, all substitutions for any of the foregoing and all dividends and income derived therefrom or payable in connection therewith;

“Issuer” means an issuer as defined in the STA;

“Loan Agreements” means, collectively, the New Loan Agreement and the Existing Loan Agreement;

“Money” means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada or by a foreign government as part of its currency;

“New Loan Agreement” means the secured convertible loan agreement dated the date hereof between the Debtor and the Creditor, as amended, amended and restated, supplemented or otherwise modified from time to time;

“Obligations” means all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or unmatured, joint or several, of the Debtor to the Creditor, including, without limitation, pursuant to each of the Loan Agreements;

“PPSA” means the *Personal Property Security Act* (Ontario), as amended from time to time and any legislation substituted therefor and any amendments thereto, provided that, if perfection or the effect of perfection or non-perfection or the priority of any Encumbrance created hereunder or in relation to any other Document on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in a province or other jurisdiction other than Ontario, “PPSA” means the Personal Property Security Act or such other applicable legislation in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority;

“Proceeds” means identifiable or traceable personal property in any form derived directly or indirectly from any dealing with any of the Collateral or the proceeds therefrom;

“Security Interest” means the pledges, assignments, mortgages, charges and hypothecations of, and the security interests in, the Collateral created hereunder in favour of the Creditor; and

“STA” means the *Securities Transfer Act, 2006* (Ontario), as amended from time to time and any legislation substituted therefor and any amendments thereto.

2. References such as “this agreement”, “hereof”, “herein”, “hereto” and like references refer to this agreement and any schedules, exhibits or appendices attached hereto (all of which schedules, exhibits and appendices form a part of this agreement) and not to any particular section, subsection, paragraph or other subdivision of this agreement.

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3. The division of this agreement into sections, subsections and paragraphs and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.
4. Terms used herein which are defined in the PPSA or the STA, as applicable, shall have the same meanings herein as are ascribed to such terms in the PPSA or the STA, as applicable, unless such terms are otherwise defined.
5. The word “Debtor”, the personal pronoun “it” or “its” and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used. The term “successors” shall include, without limiting its meaning, any entity resulting from the amalgamation of an entity with another entity. Where the context so requires, words used herein (including defined terms) importing the singular shall include the plural and vice versa and words used herein (including defined terms) importing gender shall include all genders (including the neuter).
6. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, such provision or provisions shall be severed from this agreement only to the extent necessary, and the validity, legality and enforceability of the remaining provisions hereof, including the provision or provisions remaining after such severance, shall not in any way be affected or impaired thereby.
7. In the event that any day, on or before which any action is required to be taken hereunder, is not a Business Day, then such action shall be required to be taken on or before the first Business Day thereafter.
8. If any provision in this agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. 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 use of the term “includes” shall mean “includes, without limitation”.
9. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties hereby irrevocably and unconditionally attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Grant of Security Interest

10. As continuing security for the payment and performance of the Obligations, the Debtor hereby pledges, assigns, mortgages, charges and hypothecates to the Creditor, and grants to the Creditor, a security interest in the Collateral.

Limited Exceptions to Grant of Security Interests

11. Despite any other provision of this agreement, the last day of any term reserved by any lease of real property, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor, and whether falling within the general or particular description of the Collateral, is

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hereby and shall be excepted out of the Security Interest, but the Debtor shall stand possessed of the reversion of one day remaining in the Debtor in respect of any such term, for the time being demised, as aforesaid, upon trust to assign and dispose of the same as any purchaser of such term shall direct.

12. Despite any other provision of this agreement, the Security Interest shall not attach to any Contractual Right to the extent that the granting of the Security Interest therein would constitute a breach of, or permit any person to terminate such Contractual Right, but the Debtor shall hold its interest in each such Contractual Right in trust for the Creditor, and shall, after the Security Interest shall have become enforceable and at the Creditor's written request, specifically assign each such Contractual Right to the Creditor, or as the Creditor may otherwise direct.

13. Despite any other provision of this agreement, the interests granted to the Creditor pursuant to this agreement in the Debtor's existing and after acquired trademarks shall be limited to the Creditor's security interests therein.

Attachment

14. The Debtor confirms and agrees that:

- (a) value has been given by the Creditor to the Debtor;
- (b) the Debtor has rights in all existing Collateral and power to transfer rights in the Collateral to the Creditor; and
- (c) the Debtor and the Creditor have not postponed the time for attachment of the Security Interest and the Security Interest shall attach to existing Collateral upon the execution of this agreement and shall attach to Collateral in which the Debtor hereafter acquires rights at the time that the Debtor acquires rights in such Collateral.

Representations and Warranties of the Debtor

15. The Debtor hereby represents and warrants to the Creditor that:

- (a) the Debtor has the capacity and authority to incur the Obligations, to create the Security Interest and to execute and deliver and perform its obligations under this agreement; and
- (b) this agreement constitutes a legal, valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting creditors' rights and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable remedies.

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Covenants of the Debtor

16. The Debtor agrees with the Creditor that, until the Obligations have been satisfied and paid in full:

- (a) it will:
 - (i) hold the proceeds received from any direct or indirect dealing with the Collateral in trust for the Creditor after the Security Interest becomes enforceable; and
 - (ii) following an Event of Default under either of the Loan Agreements, permit the Creditor from time to time, both before and after the Security Interest shall have become enforceable, to require any account debtor of the Debtor to make payment to the Creditor of any or all amounts owing by the account debtor to the Debtor and the Creditor may take control of any proceeds referred to herein and may hold all amounts received from any account debtor and any proceeds as cash collateral as part of the Collateral and as security for the Obligations.

Default

17. At the option of the Creditor, the Security Interest shall become enforceable upon the occurrence of an Event of Default under either of the Loan Agreements. For greater certainty, if the Debtor remedies the breached Event of Default of Events of Default following the time at which the Security Interest became enforceable, the Security Interest shall then cease to be enforceable.

Remedies of the Creditor

18. Whenever the Security Interest shall have become enforceable in accordance with Section 17, and so long as it shall remain enforceable, the Creditor may proceed to realize the Security Interest and the Collateral and to enforce the Creditor's rights by doing any one or more of the following:

- (a) entering upon the Collateral and any lands and premises where any Collateral is or may be located;
- (b) taking possession of Collateral by any method permitted by law;
- (c) leasing, selling, licensing or otherwise disposing of the whole or any part or parts of the Collateral;
- (d) accepting the Collateral in satisfaction of the Obligations; and
- (e) exercising any and all of the rights and remedies granted pursuant to the PPSA and any other applicable legislation, or otherwise available at law or in equity.

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19. The Creditor shall not be liable for any delay or failure to enforce any rights, powers or remedies available to it or to institute any proceedings for such purposes.

20. No right, power or remedy of the Creditor (whether granted herein or otherwise) shall be exclusive of or dependent on or merge in any other right, power or remedy, but all such rights, powers and remedies may from time to time be exercised independently or in combination.

21. Any and all payments made in respect of the Obligations from time to time and moneys realized from any Collateral (including moneys realized on any enforcement of this agreement) may be applied to such part or parts of the Obligations as the Creditor may see fit, and the Creditor shall at all times and from time to time have the right to change any appropriation as the Creditor may see fit.

22. The Debtor shall remain liable for all Obligations that are outstanding following realization of all or any part of the Collateral.

Rights of the Creditor

23. If the Debtor fails to perform or comply with any covenant or other obligation of the Debtor under this agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such covenant or other obligation, provided that any performance or compliance undertaken by the Creditor will not constitute a waiver, remedy or satisfaction of such failure.

24. The Creditor, without exonerating in whole or in part the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to the Debtor and all other Persons and securities as the Creditor may see fit. Nothing herein shall obligate the Creditor to extend or amend any credit to the Debtor or to any other person.

Notices

25. Any notice, demand, consent, approval or other communication to be made or given by or to the Debtor or the Creditor under or in connection with this agreement shall be made in accordance with the Loan Agreements.

Paramountcy

26. In the event of any conflict between the terms of this agreement and the terms of any of the other Documents, the provisions of such other Document shall govern to the extent necessary to remove the conflict.

Miscellaneous

27. Time shall be of the essence of this agreement.

28. Upon payment and fulfillment by the Debtor, its successors or permitted assigns, of all Obligations, including, for greater certainty, upon a Liquidity Event, the Creditor shall immediately, upon request in writing (including, by electronic mail) by the Debtor and at the Creditor's sole expense, discharge and release this agreement, the Security Interest and all related filings. If the Debtor reasonably believes that a Liquidity Event will occur, the Creditor shall

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deliver such signed discharges and releases in escrow to the Debtor and other involved parties in advance of the Liquidity Event so that such discharges and releases can be released from escrow and effective concurrently at the time of the Liquidity Event.

29. This agreement is in addition to and not in substitution for any other security now or hereafter held by the Creditor, and shall be general and continuing security notwithstanding that the Obligations shall be at any time or from time to time fully satisfied or paid.

30. The Creditor may in writing (and not otherwise) waive any default by the Debtor in the observance or performance of any provision of this agreement; provided that no waiver by the Creditor shall extend to or be taken in any manner whatsoever to affect any subsequent default, whether of the same or a different nature, or the rights resulting therefrom.

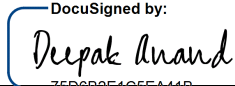
31. This agreement shall not be assignable by either party without the prior written consent of the other party. This agreement shall enure to the benefit of the Creditor and its successors and permitted assigns, and shall be binding on the Debtor and its successors and permitted assigns.

32. This agreement may be executed in any number of counterparts, all of which when taken together shall constitute one agreement. Any signatory hereto may deliver an executed copy of this agreement by facsimile or email to the addressee hereto provided that in such event that party shall promptly deliver to the addressee hereto an originally executed copy of this agreement.

[remainder of page intentionally left blank; signature page follows]

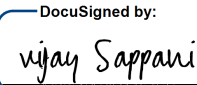
IN WITNESS WHEREOF this Agreement has been executed and delivered on the date first stated above.

11157353 CANADA CORP. DBA MATERIA

Per: 
 75D6B2E105EA44B...
 Name: Deepak Anand
 Title: CEO

AGREED TO AND ACKNOWLEDGED by the undersigned as of the date first indicated above.

ELA CAPITAL INC.

Per: 
 A68215D071424BD...
 Name: Vijay Sappani
 Title: Director

THIS IS **EXHIBIT “H”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

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Enquiry Result

File Currency: 12FEB 2023

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Note: All pages have been returned.

Type of Search	Business Debtor								
Search Conducted On	11157353 CANADA CORP.								
File Currency	12FEB 2023								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	778069836	1	3	1	6	09NOV 2023			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
778069836		001	1		20211109 1012 1793 5562	P PPSA	2		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	11157353 CANADA CORP.								
	Address				City	Province	Postal Code		
	355 ADELAIDE STREET WEST, FLOOR 6				TORONTO	ON	M5V1S2		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	ELA CAPITAL INC.								
	Address				City	Province	Postal Code		
	72 LEADERSHIP DRIVE				BRAMPTON	ON	L6Y5T2		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								

Registering Agent	Registering Agent			
	FOUNDERS LLP			
	Address	City	Province	Postal Code
	1 UNIVERSITY AVENUE, SUITE 300	TORONTO	ON	M5J2P1

END OF FAMILY

Type of Search	Business Debtor						
Search Conducted On	11157353 CANADA CORP.						
File Currency	12FEB 2023						
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status
	778069917	2	3	2	6	09NOV 2023	

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
778069917		001	1		20211109 1015 1793 5563	P PPSA	2

Individual Debtor	Date of Birth	First Given Name	Initial	Surname

Business Debtor	Business Debtor Name			Ontario Corporation Number
	11157353 CANADA CORP.			
	Address	City	Province	Postal Code
	355 ADELAIDE STREET WEST, FLOOR 6	TORONTO	ON	M5V1S2

Individual Debtor	Date of Birth	First Given Name	Initial	Surname

Business Debtor	Business Debtor Name			Ontario Corporation Number
	Address	City	Province	Postal Code

Secured Party	Secured Party / Lien Claimant			
	KANABO GROUP PLC			
	Address	City	Province	Postal Code
	ELIEZER KAPLAN ST. 2	TEL AVIV 6473403	IL	00000

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description

Registering Agent	Registering Agent			
	FOUNDERS LLP			
	Address	City	Province	Postal Code

1 UNIVERSITY AVENUE, SUITE 300

TORONTO

ON

M5J2P1

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	11157353 CANADA CORP.								
File Currency	12FEB 2023								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	790453341	3	3	3	6	01FEB 2028			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
790453341		001	4		20230201 1758 1590 9584	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	11157353 CANADA CORP.								
	Address				City	Province	Postal Code		
	355 ADELAIDE STREET WEST, FLOOR 5				TORONTO	ON	M5V 1S2		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	REFLOURISH CAPITAL LIMITED								
	Address				City	Province	Postal Code		
	C/O DENTONS CANADA LLP, 77 KING STREET				TORONTO	ON	M5K 0A1		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	DENTONS CANADA LLP (SWILSON/LG/594195-1)								
	Address				City	Province	Postal Code		
	400-77 KING STREET WEST TORONTO-DOMINION				TORONTO	ON	M5K 0A1		

CONTINUED

Type of Search	Business Debtor						
Search Conducted On	11157353 CANADA CORP.						

790453341		003	4		20230201 1758 1590 9584				
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	ALASTAIR CRAWFORD								
	Address			City	Province	Postal Code			
	C/O DENTONS CANADA LLP, 77 KING STREET			TORONTO	ON	M5K 0A1			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model		V.I.N.		
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	Address			City	Province	Postal Code			

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	11157353 CANADA CORP.								
File Currency	12FEB 2023								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	790453341	3	3	6	6	01FEB 2028			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
790453341		004	4		20230201 1758 1590 9584				
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			

		Address			City		Province		Postal Code	
Individual Debtor		Date of Birth		First Given Name		Initial		Surname		
Business Debtor		Business Debtor Name						Ontario Corporation Number		
		Address			City		Province		Postal Code	
Secured Party		Secured Party / Lien Claimant								
		Address			City		Province		Postal Code	
		WEST, SUITE 400, TORONTO-DOMINION CENTRE								
Collateral Classification		Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description		Year	Make			Model		V.I.N.		
General Collateral Description		General Collateral Description								
Registering Agent		Registering Agent								
		Address			City		Province		Postal Code	

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THIS IS **EXHIBIT “I”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

January 25, 2023

SENT BY EMAIL

11157353 Canada Corp. (the “Debtor”)

355 Adelaide Street West, Floor 5
Toronto, Ontario M5V 1S2

109 Ossington Avenue, Unit 602
Toronto, Ontario M6J 2Z2

Attention: Vijay Sappani (vijay@materiaventures.com) solely in his capacity as director of the Debtor and in no other or personal capacities

Dear Mr. Sappani,

RE: Ela Capital Inc. (“Ela”)

We are lawyers for Ela in this matter.

The Debtor, as borrower, entered into three loan agreements respectively dated June 4, 2021, November 4, 2021 and March 9, 2022, with Ela, as lender (together and as amended, the “**Loan Agreements**”).

Pursuant to a General Security Agreement dated November 4, 2021 (the “**GSA**”) granted by the Debtor in favour of Ela, all of the Debtor’s obligations to Ela under the Loan Agreements are secured by way of a security interest in the Collateral (as defined in the GSA), including all present, future and after-acquired property, assets and undertakings of the Debtor, in favour of Ela.

The Debtor has committed Events of Default (as defined in the Loan Agreements) under the Loan Agreements. The Events of Default include, but are not limited to, the Debtor being unable to pay its debts as they become due and the Debtor’s default in making payments to Ela under the Loan Agreements. In particular, the Debtor is in default in the amount of \$1,918,003 in principal and interest as of January 25, 2022 under the Loan Agreements dated June 4, 2021 and November 4, 2021.

In accordance with the Loan Agreements, Ela hereby declares that all amounts accrued and outstanding under each of the Loan Agreements are accelerated and immediately due and payable. In accordance with the Loan Agreements, the total immediately due and payable is **\$3,251,214**, which amount is comprised of principal amount of \$2,795,496 and interest of \$455,718. In



addition, interest continues to accrue at the rate of 12.5% per annum in accordance with the Loan Agreements.

Therefore, Ela hereby demands that the Debtor pay \$3,251,214 to Ela on or before February 1, 2023, failing which we are instructed to begin enforcement proceedings against the Debtor, which may include seeking the appointment of a receiver and manager by the court.

Enclosed is a Notice of Intention to Enforce Security under the *Bankruptcy and Insolvency Act* (Canada).

Yours truly,

RECONSTRUCT LLP

A handwritten signature in blue ink, appearing to be "Joel Turgeon".

Joel Turgeon
JT/jw

Notice of Intention to Enforce a Security

To: 11157353 Canada Corp., an insolvent person

Take notice that:

1. Ela Capital Inc., a secured creditor, intends to enforce its security on the insolvent person's property described below:

The "Collateral" as defined in the General Security Agreement dated November 4, 2021 attached as Schedule "A" hereto, including without limitation all present, future and after-acquired property, assets and undertakings of 11157353 Canada Corp. and proceeds thereof.

2. The security that is to be enforced is the General Security Agreement dated November 4, 2021 attached as Schedule "A" hereto.

3. The total amount of indebtedness secured by the security is \$3,251,214 plus accruing interest.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 25th day of January, 2023.

ELA CAPITAL INC.



Per: Abirami Sappani

I have authority to bind the corporation

11157353 Canada Corp., an insolvent person, hereby consents to the immediate enforcement of the security held by Ela Capital Inc.

Dated: January 25th, 2023

11157353 CANADA CORP.



Per: Vijay Sappani

I have authority to bind the corporation

Schedule "A"

General Security Agreement dated November 4, 2021

[See next page.]

GENERAL SECURITY AGREEMENT

THIS AGREEMENT executed as of the 4th day of November, 2021

BY:

11157353 CANADA CORP. DBA MATERIA, a corporation existing under the laws of Canada

(the “**Debtor**”)

IN FAVOUR OF:

ELA CAPITAL INC., a corporation existing under the laws of Canada

(the “**Creditor**”)

WHEREAS the Debtor is, or may become, indebted or liable to the Creditor pursuant to the terms of the Existing Loan Agreement (as defined herein) and the New Loan Agreement (as defined herein);

AND WHEREAS as consideration for, and as a condition to, the Creditor making the loans available to the Debtor under the New Loan Agreement, the Debtor has agreed to grant security to the Creditor over all of its present and after-acquired property and assets to secure all obligations owing by the Debtor to the Creditor, including, without limitation, the indebtedness and all other obligations from time to time under the Existing Loan Agreement and the New Loan Agreement;

THIS AGREEMENT WITNESSES that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor hereby agrees as follows:

Definitions and Interpretation

1. In this agreement, all capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreements (as defined below), as the context requires, and the following words shall, unless otherwise provided, have the meanings set out below:

“**Collateral**” means all present, future and after-acquired property, assets and undertaking of the Debtor including the following:

- (a) all present and future equipment of the Debtor, including all of its present and future machinery, fixtures, plant, tools, furniture, books, records, documents, vehicles of any nature, kind or description, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating to the foregoing;

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- (b) all present and future inventory of the Debtor, including all of its present and future raw materials, materials used or consumed in its business, work-in-progress, finished goods, goods used for packing and goods acquired or held for sale or lease or that have been leased or furnished or that are to be furnished under contracts of rental or service, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing;
- (c) all present and future intangibles of the Debtor, including all of its present and future accounts and other amounts receivable, book debts, goodwill, Intellectual Property and choses in action of every nature and kind;
- (d) all present and future documents of title, contracts, chattel paper, instruments, money and securities of the Debtor;
- (e) all present and future Investment Assets;
- (f) all substitutions or exchanges from time to time in respect of any of the foregoing Investment Assets;
- (g) all dividends, distributions and other income (whether in the form of Money, Investment Assets or any other property) derived from or in respect of any of the foregoing Investment Assets or payable in connection therewith and all monies and property received or receivable in the nature of the return or repayment of capital in respect thereof;
- (h) all other present and future property, assets, and undertaking of the Debtor of any nature or kind, including all property, assets and undertaking at any time owned, leased or licensed by the Debtor or in which the Debtor at any time has any right or interest or to which the Debtor is or may at any time become entitled; and
- (i) all proceeds derived directly or indirectly from any dealing with any of the foregoing, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto;

“**Contractual Right**” means any agreement, right, franchise, licence, authorization, approval, equipment lease or sublease, privilege or permit (a) to which the Debtor is now or hereafter becomes a party, (b) in which the Debtor now or hereafter has any interest or (c) of which the Debtor is or hereafter becomes a beneficiary;

“**Documents**” means the Loan Agreements and this General Security Agreement;

“**Existing Loan Agreement**” means the unsecured convertible loan agreement dated June 4, 2021 between the Debtor and the Creditor, as amended, amended and restated, supplemented or otherwise modified from time to time;

“**Intellectual Property**” means all patents, trade-marks, trade names, business names, trade styles, logos and other business identifiers, copyrights, technology, inventions, industrial designs, know-how, trade secrets and other industrial and intellectual property in which the Debtor has any right, title or interest;

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“**Investment Assets**” means all present and future Investment Property (as such term is defined in the PPSA) and Financial Assets (as such term is defined in the STA) held by the Debtor, including all present and future options and warrants held by the Debtor and all other rights and entitlements arising therefrom or related thereto, and the Debtor present and future interests in partnerships, limited partnerships, limited liability partnerships and limited liability companies, all substitutions for any of the foregoing and all dividends and income derived therefrom or payable in connection therewith;

“**Issuer**” means an issuer as defined in the STA;

“**Loan Agreements**” means, collectively, the New Loan Agreement and the Existing Loan Agreement;

“**Money**” means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada or by a foreign government as part of its currency;

“**New Loan Agreement**” means the secured convertible loan agreement dated the date hereof between the Debtor and the Creditor, as amended, amended and restated, supplemented or otherwise modified from time to time;

“**Obligations**” means all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or unmatured, joint or several, of the Debtor to the Creditor, including, without limitation, pursuant to each of the Loan Agreements;

“**PPSA**” means the *Personal Property Security Act* (Ontario), as amended from time to time and any legislation substituted therefor and any amendments thereto, provided that, if perfection or the effect of perfection or non-perfection or the priority of any Encumbrance created hereunder or in relation to any other Document on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in a province or other jurisdiction other than Ontario, “PPSA” means the Personal Property Security Act or such other applicable legislation in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority;

“**Proceeds**” means identifiable or traceable personal property in any form derived directly or indirectly from any dealing with any of the Collateral or the proceeds therefrom;

“**Security Interest**” means the pledges, assignments, mortgages, charges and hypothecations of, and the security interests in, the Collateral created hereunder in favour of the Creditor; and

“**STA**” means the *Securities Transfer Act, 2006* (Ontario), as amended from time to time and any legislation substituted therefor and any amendments thereto.

2. References such as “this agreement”, “hereof”, “herein”, “hereto” and like references refer to this agreement and any schedules, exhibits or appendices attached hereto (all of which schedules, exhibits and appendices form a part of this agreement) and not to any particular section, subsection, paragraph or other subdivision of this agreement.

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3. The division of this agreement into sections, subsections and paragraphs and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.

4. Terms used herein which are defined in the PPSA or the STA, as applicable, shall have the same meanings herein as are ascribed to such terms in the PPSA or the STA, as applicable, unless such terms are otherwise defined.

5. The word “Debtor”, the personal pronoun “it” or “its” and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used. The term “successors” shall include, without limiting its meaning, any entity resulting from the amalgamation of an entity with another entity. Where the context so requires, words used herein (including defined terms) importing the singular shall include the plural and vice versa and words used herein (including defined terms) importing gender shall include all genders (including the neuter).

6. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, such provision or provisions shall be severed from this agreement only to the extent necessary, and the validity, legality and enforceability of the remaining provisions hereof, including the provision or provisions remaining after such severance, shall not in any way be affected or impaired thereby.

7. In the event that any day, on or before which any action is required to be taken hereunder, is not a Business Day, then such action shall be required to be taken on or before the first Business Day thereafter.

8. If any provision in this agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. 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 use of the term “includes” shall mean “includes, without limitation”.

9. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties hereby irrevocably and unconditionally attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Grant of Security Interest

10. As continuing security for the payment and performance of the Obligations, the Debtor hereby pledges, assigns, mortgages, charges and hypothecates to the Creditor, and grants to the Creditor, a security interest in the Collateral.

Limited Exceptions to Grant of Security Interests

11. Despite any other provision of this agreement, the last day of any term reserved by any lease of real property, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor, and whether falling within the general or particular description of the Collateral, is

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hereby and shall be excepted out of the Security Interest, but the Debtor shall stand possessed of the reversion of one day remaining in the Debtor in respect of any such term, for the time being demised, as aforesaid, upon trust to assign and dispose of the same as any purchaser of such term shall direct.

12. Despite any other provision of this agreement, the Security Interest shall not attach to any Contractual Right to the extent that the granting of the Security Interest therein would constitute a breach of, or permit any person to terminate such Contractual Right, but the Debtor shall hold its interest in each such Contractual Right in trust for the Creditor, and shall, after the Security Interest shall have become enforceable and at the Creditor's written request, specifically assign each such Contractual Right to the Creditor, or as the Creditor may otherwise direct.

13. Despite any other provision of this agreement, the interests granted to the Creditor pursuant to this agreement in the Debtor's existing and after acquired trademarks shall be limited to the Creditor's security interests therein.

Attachment

14. The Debtor confirms and agrees that:

- (a) value has been given by the Creditor to the Debtor;
- (b) the Debtor has rights in all existing Collateral and power to transfer rights in the Collateral to the Creditor; and
- (c) the Debtor and the Creditor have not postponed the time for attachment of the Security Interest and the Security Interest shall attach to existing Collateral upon the execution of this agreement and shall attach to Collateral in which the Debtor hereafter acquires rights at the time that the Debtor acquires rights in such Collateral.

Representations and Warranties of the Debtor

15. The Debtor hereby represents and warrants to the Creditor that:

- (a) the Debtor has the capacity and authority to incur the Obligations, to create the Security Interest and to execute and deliver and perform its obligations under this agreement; and
- (b) this agreement constitutes a legal, valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting creditors' rights and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable remedies.

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Covenants of the Debtor

16. The Debtor agrees with the Creditor that, until the Obligations have been satisfied and paid in full:

- (a) it will:
 - (i) hold the proceeds received from any direct or indirect dealing with the Collateral in trust for the Creditor after the Security Interest becomes enforceable; and
 - (ii) following an Event of Default under either of the Loan Agreements, permit the Creditor from time to time, both before and after the Security Interest shall have become enforceable, to require any account debtor of the Debtor to make payment to the Creditor of any or all amounts owing by the account debtor to the Debtor and the Creditor may take control of any proceeds referred to herein and may hold all amounts received from any account debtor and any proceeds as cash collateral as part of the Collateral and as security for the Obligations.

Default

17. At the option of the Creditor, the Security Interest shall become enforceable upon the occurrence of an Event of Default under either of the Loan Agreements. For greater certainty, if the Debtor remedies the breached Event of Default of Events of Default following the time at which the Security Interest became enforceable, the Security Interest shall then cease to be enforceable.

Remedies of the Creditor

18. Whenever the Security Interest shall have become enforceable in accordance with Section 17, and so long as it shall remain enforceable, the Creditor may proceed to realize the Security Interest and the Collateral and to enforce the Creditor's rights by doing any one or more of the following:

- (a) entering upon the Collateral and any lands and premises where any Collateral is or may be located;
- (b) taking possession of Collateral by any method permitted by law;
- (c) leasing, selling, licensing or otherwise disposing of the whole or any part or parts of the Collateral;
- (d) accepting the Collateral in satisfaction of the Obligations; and
- (e) exercising any and all of the rights and remedies granted pursuant to the PPSA and any other applicable legislation, or otherwise available at law or in equity.

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19. The Creditor shall not be liable for any delay or failure to enforce any rights, powers or remedies available to it or to institute any proceedings for such purposes.

20. No right, power or remedy of the Creditor (whether granted herein or otherwise) shall be exclusive of or dependent on or merge in any other right, power or remedy, but all such rights, powers and remedies may from time to time be exercised independently or in combination.

21. Any and all payments made in respect of the Obligations from time to time and moneys realized from any Collateral (including moneys realized on any enforcement of this agreement) may be applied to such part or parts of the Obligations as the Creditor may see fit, and the Creditor shall at all times and from time to time have the right to change any appropriation as the Creditor may see fit.

22. The Debtor shall remain liable for all Obligations that are outstanding following realization of all or any part of the Collateral.

Rights of the Creditor

23. If the Debtor fails to perform or comply with any covenant or other obligation of the Debtor under this agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such covenant or other obligation, provided that any performance or compliance undertaken by the Creditor will not constitute a waiver, remedy or satisfaction of such failure.

24. The Creditor, without exonerating in whole or in part the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to the Debtor and all other Persons and securities as the Creditor may see fit. Nothing herein shall obligate the Creditor to extend or amend any credit to the Debtor or to any other person.

Notices

25. Any notice, demand, consent, approval or other communication to be made or given by or to the Debtor or the Creditor under or in connection with this agreement shall be made in accordance with the Loan Agreements.

Paramountcy

26. In the event of any conflict between the terms of this agreement and the terms of any of the other Documents, the provisions of such other Document shall govern to the extent necessary to remove the conflict.

Miscellaneous

27. Time shall be of the essence of this agreement.

28. Upon payment and fulfillment by the Debtor, its successors or permitted assigns, of all Obligations, including, for greater certainty, upon a Liquidity Event, the Creditor shall immediately, upon request in writing (including, by electronic mail) by the Debtor and at the Creditor's sole expense, discharge and release this agreement, the Security Interest and all related filings. If the Debtor reasonably believes that a Liquidity Event will occur, the Creditor shall

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deliver such signed discharges and releases in escrow to the Debtor and other involved parties in advance of the Liquidity Event so that such discharges and releases can be released from escrow and effective concurrently at the time of the Liquidity Event.

29. This agreement is in addition to and not in substitution for any other security now or hereafter held by the Creditor, and shall be general and continuing security notwithstanding that the Obligations shall be at any time or from time to time fully satisfied or paid.

30. The Creditor may in writing (and not otherwise) waive any default by the Debtor in the observance or performance of any provision of this agreement; provided that no waiver by the Creditor shall extend to or be taken in any manner whatsoever to affect any subsequent default, whether of the same or a different nature, or the rights resulting therefrom.

31. This agreement shall not be assignable by either party without the prior written consent of the other party. This agreement shall enure to the benefit of the Creditor and its successors and permitted assigns, and shall be binding on the Debtor and its successors and permitted assigns.

32. This agreement may be executed in any number of counterparts, all of which when taken together shall constitute one agreement. Any signatory hereto may deliver an executed copy of this agreement by facsimile or email to the addressee hereto provided that in such event that party shall promptly deliver to the addressee hereto an originally executed copy of this agreement.

[remainder of page intentionally left blank; signature page follows]

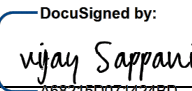
IN WITNESS WHEREOF this Agreement has been executed and delivered on the date first stated above.

11157353 CANADA CORP. DBA MATERIA

Per: 
Name: Deepak Anand
Title: CEO

AGREED TO AND ACKNOWLEDGED by the undersigned as of the date first indicated above.

ELA CAPITAL INC.

Per: 
Name: Vijay Sappani
Title: Director

THIS IS **EXHIBIT “J”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

Schedule "D"**Initial Loan**

Borrower:	11157353 Canada Corp. d/b/a Materia (the " Borrower ")
Loan Amount:	\$500,000 Unsecured Loan (the " Initial Loan ")
Lender:	Kanabo Group Plc (the " Lender ")
Payments & Drawdowns:	Upon the signing of this Term Sheet, the Lender shall immediately pay the Initial Loan amount to the Borrower in Canadian dollars from immediately available cleared funds.
Purpose	The Borrower shall use all monies borrowed by it under this agreement solely for the purpose of funding the operating expenses of its European subsidiaries.
Initial Loan Repayment Date:	12 months from the closing date of the Initial Loan. Upon the entering into of a Definitive Agreement and SPA Loan Agreement as contemplated in the Term Sheet, the Initial Loan will become subject to the terms of the SPA Loan Agreement. For greater certainty, this means the Initial Loan would become repayable at the same time as the other debt advanced in connection with the SPA Loan Agreement (and covered by the same security) but continue to accrue interest as of the date of the Term Sheet.
Initial Loan Pre-payment:	At any time, the Borrower shall be permitted to repay the Initial Loan without any penalty (such date being the " Early Repayment Date ").
Repayment	The Initial Loan to be repaid only from new funds raised by the Borrower or from cash generated by its European subsidiaries.
Interest Rate:	The Initial Loan will bear interest at a rate of 10% per annum. Such interest shall accrue daily and shall be payable together with the principal amount on the Initial Loan Repayment Date (or, in the event the Initial Loan is repaid early, the Early Repayment Date).
Default Interest Rate:	If the Borrower does not pay any amount it is obliged to pay under this Initial Loan when it is due, the Borrower shall pay interest on such unpaid amount outstanding (the " Unpaid Amount ") for the

period beginning on the first business day after the Initial Loan Repayment Date and ending on the date the Lender receives the Unpaid Amount, both before and after judgment. The interest rate applicable to the Unpaid Amount shall be 14% per annum.

Rank: The Initial Loan will be unsecured.

Representations and Warranties The Borrower makes the following representations and warranties to the Lender:

- The Borrower is a duly incorporated company validly existing under the laws of its jurisdiction of incorporation and has the power to own its assets and carry on its business as it is being conducted;
- The Borrower has the power to enter into, deliver and perform, and has taken all necessary action to authorize its entry into, delivery and performance of, the Initial Loan and the transactions contemplated by them and no limit on its powers will be exceeded as a result of the borrowing contemplated by the Initial Loan;
- The entry into and performance by it of, and the transactions contemplated by, the Initial Loan do not and will not contravene or conflict with (i) the Borrower's constitutional documents; (ii) any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument; or (iii) any law or regulation or judicial or official order, applicable to it.
- The Borrower has obtained all required or desirable authorisations to enable it to enter into, exercise its rights and comply with its obligations in the Initial Loan and to make them admissible in evidence in its jurisdiction of incorporation. Any such authorisations are in full force and effect;
- The obligations expressed to be assumed by it in the Initial Loan are legal, valid, binding and enforceable obligations; and
- The Borrower's payment obligations under the Initial Loan rank at least pari passu with all existing and future unsecured and unsubordinated obligations (including contingent obligations), except for those mandatorily preferred by law applying to companies generally.

General Covenants

The Borrower covenants with the Lender:

- During the Exclusivity Period and except as otherwise set out in Schedule "C", the Borrower shall not (i) create, or permit to subsist, any security over any of its assets; (ii) sell, transfer or otherwise dispose of any of its assets on terms whereby such asset is or may be leased to or re-acquired or acquired by it; (iii) sell, transfer or otherwise dispose of any of its receivables on recourse terms; (iv) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of account or (v) enter into any other preferential arrangement having a similar effect;
- During the Exclusivity Period and except as otherwise set out in Schedule "C", the Borrower shall not sell, assign, lease, transfer or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, its assets other than (i) trading stock in the ordinary course of business; and (ii) assets exchanged for other assets comparable or superior as to type, value and quality;
- Except as set out below under the heading "Equity & Debt Financings", the Borrower shall not issue new shares (or equivalent securities);
- Except as set out below under the heading "Equity & Debt Financings", the Borrower shall not incur or permit to subsist, any obligation for debt other than under the Initial Loan;
- The Borrower shall comply in all respects with all relevant laws to which it may be subject, if failure to do so would materially impair its ability to perform its obligations under the Initial Loan;
- The Borrower shall procure that any of its unsecured and unsubordinated obligations and liabilities under the Initial Loan rank, and will rank, at least pari passu in right and priority of payment with all its other unsecured and unsubordinated obligations and liabilities, present or future, actual or contingent, except for those obligations and liabilities mandatorily preferred by law of general application to companies;
- During the Exclusivity Period, the Borrower shall not enter into any amalgamation, demerger, merger or corporate reconstruction; and

- During the Exclusivity Period, the Borrower shall not make any substantial change to the general nature or scope of its business as carried on at the date of the Term Sheet.

Event of Default

Each of the following events shall constitute an event of default under the Initial Loan, in which case, the Initial Loan (including all accrued interest thereon) shall become immediately repayable:

- The Borrower fails to comply with the Covenants in the Initial Loan and such default is not cured by the Borrower within 7 days of the earlier of the Lender notifying the Borrower of the default and the remedy required and the Borrower becoming aware of the default; and
- Any representation or warranty contained in the Initial Loan is incomplete, untrue or incorrect in any material respect.

**Equity & Debt
Financings:**

Prior to the Initial Loan Repayment Date, Materia shall only be permitted to raise equity or debt from outside investors to repay the Initial Loan (including all accrued interest thereon). Further advances will be permitted from the Borrower's existing shareholders provided that: (a) they are restricted to such amounts as necessary to fund ordinary cash flow, and (b) such advances are unsecured and rank behind sums owed to Kanabo.

Schedule "E"**Subsequent Loan**

- Borrower:** 11157353 Canada Corp. d/b/a Materia (the "**Borrower**")
- Loan Amount:** CAN\$500,000 Secured Loan (the "**Subsequent Loan**"), will comprise C\$250,000 on signing and a balance of C\$250,000 based on use of proceeds provided by the Borrower and agreed by both the Borrower and the Lender and satisfactory completion of an Ontario governed General Security Agreement by Materia in favour of the Purchaser and associated filing under the Ontario *Personal Property Security Act*. This is in addition to the CAN\$500,000 loan previously advanced to the Borrower from the Lender on or around July 25, 2021 (the "**Initial Loan**")
- Lender:** Kanabo Group Plc (the "**Lender**")
- Security:** The Borrower will grant a security interest over its present and after-acquired personal property in favour of the Lender (the "**Security Interest**") by way of a general security agreement governed by the laws of Ontario and associated filing under the Ontario *Personal Property Security Act*. Notwithstanding that the Initial Loan was originally contemplated to be unsecured, the Security Interest shall extend to all obligations owing from time to time by the Borrower to the Lender, including, without limitation, the Initial Loan and the Subsequent Loan.
- Security Interest to be supported by an inter-creditor agreement between the Purchaser and Ela Capital Inc.
- Payments & Drawdowns:** Upon the signing of this Term Sheet, the Lender shall immediately pay the C\$250,000 of the Subsequent Loan to the Borrower in Canadian dollars from immediately available cleared funds. The remaining C\$250,000 will be sent based on use of proceeds provided by the Borrower and agreed by both the Borrower and the Lender.
- Purpose** The Borrower shall use all monies borrowed by it under this agreement solely for the purpose of funding the operating expenses of its European subsidiaries.
- Subsequent Loan Repayment Date:** 12 months from the closing date of the Subsequent Loan.

Upon the entering into of a Definitive Agreement and the SPA Loan Agreement as contemplated in the Term Sheet, the Subsequent Loan will become subject to the terms of the SPA Loan Agreement. For greater certainty, this means the Subsequent Loan would become repayable at the same time as the other debt advanced in connection with the SPA Loan Agreement but continue to accrue interest as of the date of the Term Sheet.

Subsequent Loan Pre-payment:

At any time, the Borrower shall be permitted to repay the Subsequent Loan without any penalty (such date being the “**Early Repayment Date**”).

Repayment

The Subsequent Loan to be repaid only from new funds raised by the Borrower or from cash generated by its European subsidiaries.

Interest Rate:

The Subsequent Loan will bear interest at a rate of 10% per annum. Such interest shall accrue daily and shall be payable together with the principal amount on the Subsequent Loan Repayment Date (or, in the event the Subsequent Loan is repaid early, the Early Repayment Date).

Default Interest Rate:

If the Borrower does not pay any amount it is obliged to pay under this Subsequent Loan when it is due, the Borrower shall pay interest on such unpaid amount outstanding (the “**Unpaid Amount**”) for the period beginning on the first business day after the Subsequent Loan Repayment Date and ending on the date the Lender receives the Unpaid Amount, both before and after judgment. The interest rate applicable to the Unpaid Amount shall be 14% per annum.

Rank:

The Lender, Ela Capital Inc. and the Borrower agree that the Security Interest shall rank *pari passu* with any security interest granted by the Borrower in favour of Ela Capital Inc. For greater certainty, notwithstanding the date, time, method, manner or order of grant, attachment or perfection of any security interest granted by Materia in favour of the Lender or Ela Capital Inc., and notwithstanding any provision of the *Personal Property Security Act* (Ontario), each of the Lender, Ela Capital Inc. and the Borrower hereby agree that such security interests shall be of equal priority. The Lender, Ela Capital Inc. and the Borrower further agree that if either such security interest granted by the Borrower in favour of the Lender or Ela Capital Inc. becomes enforceable for one of the Lender or Ela Capital Inc., it shall be enforceable for the other as well (i.e. cross default), but it shall only be enforceable during such period of time that such

security interest that first became enforceable is and continues to be enforceable.

Ela Capital Inc agrees to relinquish any security interest over any of the Borrower's Maltese subsidiary's assets prior to the execution of the SPA Loan Agreement.

Representations and Warranties

The Borrower makes the following representations and warranties to the Lender:

- The Borrower is a duly incorporated company validly existing under the laws of its jurisdiction of incorporation and has the power to own its assets and carry on its business as it is being conducted;
- The Borrower has the power to enter into, deliver and perform, and has taken all necessary action to authorize its entry into, delivery and performance of, the Subsequent Loan and the transactions contemplated by them and no limit on its powers will be exceeded as a result of the borrowing contemplated by the Subsequent Loan;
- The entry into and performance by it of, and the transactions contemplated by, the Subsequent Loan do not and will not contravene or conflict with (i) the Borrower's constitutional documents; (ii) any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument; or (iii) any law or regulation or judicial or official order, applicable to it.
- The Borrower has obtained all required or desirable authorisations to enable it to enter into, exercise its rights and comply with its obligations in the Subsequent Loan and to make them admissible in evidence in its jurisdiction of incorporation. Any such authorisations are in full force and effect;
- The obligations expressed to be assumed by it in the Subsequent Loan are legal, valid, binding and enforceable obligations; and
- The Borrower's payment obligations under the Subsequent Loan rank at least pari passu with all existing secured obligations (including contingent obligations), except for those mandatorily preferred by law applying to companies generally. Except as set out below under the heading "Equity & Debt Financings", the Borrower will not enter into any future arrangements that would create any security ranking

ahead of or pari passu with the security granted to the Lender.

General Covenants

The Borrower covenants with the Lender:

- Except as otherwise set out in Schedule C, the Borrower shall not (and shall procure that its subsidiaries shall not) (i) create, or permit to subsist, any security over any of its (or their) assets other than the security interests in favour of each of the Lender and Ela Capital Inc.; (ii) sell, transfer or otherwise dispose of any of its (or their) assets on terms whereby such asset is or may be leased to or re-acquired or acquired by it; (iii) sell, transfer or otherwise dispose of any of its (or their) receivables on recourse terms; (iv) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of account or (v) enter into any other preferential arrangement having a similar effect;
- Except as otherwise set out in Schedule C, the Borrower shall not (and shall procure that its subsidiaries shall not) sell, assign, lease, transfer or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, its (or their) assets other than (i) trading stock in the ordinary course of business; and (ii) assets exchanged for other assets comparable or superior as to type, value and quality;
- Except as set out below under the heading "Equity & Debt Financings", the Borrower shall not issue new shares (or equivalent securities);
- Except as set out below under the heading "Equity & Debt Financings", the Borrower shall not (and shall procure that its subsidiaries shall not) incur or permit to subsist, any obligation for debt other than under the Subsequent Loan and the Initial Loan and other than any inter-company loans, trade debt in the ordinary course, governmental grants, CEBA loans currently outstanding and unsecured debt into Materia Malta Operating Ltd. and/or Materia Ventures Malta Ltd. pursuant to which such funds would be used solely for further investment into Malta (e.g. CAPEX, inventory etc.);
- The Borrower shall comply in all respects with all relevant laws to which it may be subject, if failure to do so would materially impair its ability to perform its obligations under the Subsequent Loan;

- The Borrower shall procure that any of its secured obligations and liabilities under the Subsequent Loan rank, and will rank, at least pari passu in right and priority of payment with all its other secured obligations and liabilities, present or future, actual or contingent, except for those obligations and liabilities mandatorily preferred by law of general application to companies;
- During the Exclusivity Period, the Borrower shall not enter into any amalgamation, demerger, merger or corporate reconstruction; and
- During the Exclusivity Period, the Borrower shall not make any substantial change to the general nature or scope of its business as carried on at the date of the Term Sheet.

Event of Default

Each of the following events shall constitute an event of default under the Subsequent Loan, in which case, the Subsequent Loan (including all accrued interest thereon) shall become immediately repayable:

- The Borrower fails to comply with the Covenants in the Subsequent Loan and such default is not cured by the Borrower within 7 days of the earlier of the Lender notifying the Borrower of the default and the remedy required and the Borrower becoming aware of the default; and
- Any representation or warranty contained in the Subsequent Loan is incomplete, untrue or incorrect in any material respect.

**Equity & Debt
Financings:**

Prior to the Subsequent Loan Repayment Date, the Borrower shall only be permitted to raise equity or debt from outside investors to repay the Initial Loan and Subsequent Loan (including all accrued interest thereon). Further advances will be permitted from the Borrower's existing shareholders provided that: (a) they are restricted to such amounts as necessary to fund ordinary cash flow, and (b) such advances are unsecured and rank behind sums owed to Kanabo.

AMENDMENT TO LOAN AGREEMENT

Amendment No. 1 dated 30.8.2022, 2022 to the amended and restated term sheet, dated November 4, 2021 (the "**Amendment**"), between 11157353 Canada Corp. dba Materia ("**Materia**"), and Kanabo Group Plc, ("**Kanabo**", and together with Materia, the "**Parties**", and each, a "**Party**").

WHEREAS, the Parties have entered into an amended and restated term sheet dated November 4, 2021 (the "**Existing Agreement**"); and

WHEREAS, the Parties hereto desire to amend the Existing Agreement to reflect certain changes to the terms of the Initial Loan (as such term is defined in the Existing Agreement) and the Subsequent Loan (as such term is defined in the Existing Agreement) on the terms and subject to the conditions set forth herein; and

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Existing Agreement.
2. Amendments to the Existing Agreement. As of the Effective Date (defined below), the Existing Agreement is hereby amended or modified as follows:

(a) The first sentence within the section "Initial Loan Repayment Date" in the Initial Loan of the Existing Agreement is hereby deleted in its entirety and replaced by the following:

30 December 2022, subject to the repayment of all interest accrued on the Initial Loan up to the date hereof.

(b) The first sentence within the section "Subsequent Loan Repayment Date" in the Subsequent Loan of the Existing Agreement is hereby deleted in its entirety and replaced by the following:

30 December 2022, subject to the repayment of all interest accrued on the Initial Loan up to the date hereof.

(c) The section "Interest Rate" in the Initial Loan of the Existing Agreement is hereby deleted in its entirety and replaced by the following:

The Initial Loan will bear interest at a rate of 10% per annum. Such interest shall accrue daily and shall be payable on the date hereof with respect to all interest accrued up to such date. On the Initial Loan Repayment Date (or in the event the Initial Loan is repaid early, the Early Repayment Date) all interest remaining on the Initial Loan shall be payable, together with the principal amount of the Initial Loan.

(d) The section “Default Interest Rate” in the Initial Loan of the Existing Agreement is hereby deleted in its entirety and replaced by the following:

If, by the Initial Loan Repayment Date, the Borrower does not repay all or any part of the Initial Loan, the applicable interest rate in respect of such unpaid amount (the “**Initial Loan Unpaid Amount**”) for the period beginning on 24 July 2022 and ending on the date the Lender receives the Initial Loan Unpaid Amount in full shall be increased from 10% per annum to 14% per annum.

(e) The section “Default Interest Rate” in the Subsequent Loan of the Existing Agreement is hereby deleted in its entirety and replaced by the following:

If, by the Subsequent Loan Repayment Date, the Borrower does not repay all or any part of the Subsequent Loan, the applicable interest rate in respect of such unpaid amount (the “**Subsequent Loan Unpaid Amount**”) for the period beginning on 3 November 2022 and ending on the date the Lender receives the Subsequent Loan Unpaid Amount in full shall be increased from 10% per annum to 14% per annum.

(f) A new section “Lyphe Loan” is inserted into both the Initial Loan and the Subsequent Loan with the following text:

Notwithstanding any other terms contained herein, the Lender hereby consents to a loan in the principal amount of £70,000 to be provided by Lyphe Group Limited (the “**Lyphe Loan**”), which Lyphe Loan shall be secured pursuant to the terms of an Ontario governed General Security Agreement granted by the Borrower in favour of Lyphe Group Limited and associated filing under the Ontario *Personal Property Security Act*, which General Security Agreement shall be on substantially the same terms as the General Security Agreement granted in favour of the Lender. For greater certainty, the entering into of the Lyphe Loan and the security granted thereby shall not constitute a breach of any General Covenant nor constitute an Event of Default herein.

3. Condition Subsequent. As a condition subsequent to the execution of this Amendment, the Borrower shall produce to the Lender, promptly following execution thereof, an unredacted copy of a executed term sheet for the acquisition of the Borrower by Lyphe Group Limited (and/or any of its subsidiary or associated companies).

4. Date of Effectiveness; Limited Effect. This Amendment is effective as of the date hereof (the “**Effective Date**”). Except as expressly provided in this Amendment, all of the terms and provisions of the Existing Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Existing Agreement or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Effective Date, each reference in the Existing Agreement to “this Agreement,” “the Agreement,” “hereunder,” “hereof,” “herein,” or words of like import will mean and be a reference to the Existing Agreement as amended by this Amendment.

5. Representations and Warranties. Each Party hereby represents and warrants to the other Party that:

(a) It has all necessary corporate power and authority to enter into this Amendment and to perform its obligations hereunder and under the Existing Agreement as amended by this Amendment.

(b) The execution of this Amendment by the individual whose signature is set forth at the end of this Amendment on behalf of such Party, and the delivery of this Amendment by such Party, have been duly authorized by all necessary corporate action on the part of such Party.

(c) This Amendment has been executed and delivered by such Party and (assuming due authorization, execution, and delivery by the other Party hereto) constitutes the legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity.

6. Miscellaneous

(a) Governing Law. This Amendment is governed by and construed in accordance with the laws of England and Wales.

(b) Successors and Assigns. This Amendment is binding upon and shall enure to the benefit of the Parties hereto and their respective successors and assigns.

(c) Headings. The headings in this Amendment are for reference only and do not affect the interpretation of this Amendment.

(d) Counterparts. This Amendment may be executed in counterparts, each of which is deemed an original, but all of which together constitutes one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

(e) Entire Agreement. This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

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IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

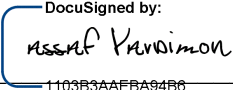
**11157353 CANADA CORP. dba
MATERIA**

By 

Name: Ben Treffer

Title:

KANABO GROUP PLC

By 

Name: assaf vardimon

Title: CFO

THIS IS **EXHIBIT “K”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

GENERAL SECURITY AGREEMENT

THIS AGREEMENT executed as of the 4th day of November, 2021

BY:

11157353 CANADA CORP. DBA MATERIA, a corporation existing under the laws of Canada

(the “**Debtor**”)

IN FAVOUR OF:

KANABO GROUP PLC, a company existing under the laws of England and Wales

(the “**Creditor**”)

WHEREAS the Debtor is, or may become, indebted or liable to the Creditor pursuant to the terms of the Existing Loan Agreement (as defined herein) and the New Loan Agreement (as defined herein);

AND WHEREAS as consideration for, and as a condition to, the Creditor making the loans available to the Debtor under the New Loan Agreement, the Debtor has agreed to grant security to the Creditor over all of its present and after-acquired property and assets to secure all obligations owing by the Debtor to the Creditor, including, without limitation, the indebtedness and all other obligations from time to time under the Existing Loan Agreement and the New Loan Agreement;

THIS AGREEMENT WITNESSES that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor hereby agrees as follows:

Definitions and Interpretation

1. In this agreement, all capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreements (as defined below), as the context requires, and the following words shall, unless otherwise provided, have the meanings set out below:

“**Collateral**” means all present, future and after-acquired property, assets and undertaking of the Debtor including the following:

- (a) all present and future equipment of the Debtor, including all of its present and future machinery, fixtures, plant, tools, furniture, books, records, documents, vehicles of any nature, kind or description, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating to the foregoing;

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- (b) all present and future inventory of the Debtor, including all of its present and future raw materials, materials used or consumed in its business, work-in-progress, finished goods, goods used for packing and goods acquired or held for sale or lease or that have been leased or furnished or that are to be furnished under contracts of rental or service, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing;
- (c) all present and future intangibles of the Debtor, including all of its present and future accounts and other amounts receivable, book debts, goodwill, Intellectual Property and choses in action of every nature and kind;
- (d) all present and future documents of title, contracts, chattel paper, instruments, money and securities of the Debtor;
- (e) all present and future Investment Assets;
- (f) all substitutions or exchanges from time to time in respect of any of the foregoing Investment Assets;
- (g) all dividends, distributions and other income (whether in the form of Money, Investment Assets or any other property) derived from or in respect of any of the foregoing Investment Assets or payable in connection therewith and all monies and property received or receivable in the nature of the return or repayment of capital in respect thereof;
- (h) all other present and future property, assets, and undertaking of the Debtor of any nature or kind, including all property, assets and undertaking at any time owned, leased or licensed by the Debtor or in which the Debtor at any time has any right or interest or to which the Debtor is or may at any time become entitled; and
- (i) all proceeds derived directly or indirectly from any dealing with any of the foregoing, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto;

Notwithstanding the foregoing, "Collateral" shall not include the shares of 11157337 Canada Corp. or H12 Brands Inc. or any of their respective present, future or after-acquired property, assets or undertaking;

"Contractual Right" means any agreement, right, franchise, licence, authorization, approval, equipment lease or sublease, privilege or permit (a) to which the Debtor is now or hereafter becomes a party, (b) in which the Debtor now or hereafter has any interest or (c) of which the Debtor is or hereafter becomes a beneficiary;

"Documents" means the Loan Agreements and this General Security Agreement;

"Existing Loan Agreement" means the unsecured loan in the principal amount of \$500,000 pursuant to the term sheet dated July 25, 2021 and the terms attached thereto as Schedule "D" between, *inter alios*, the Debtor and the Creditor, as amended, amended and restated, supplemented or otherwise modified from time to time;

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“**Intellectual Property**” means all patents, trade-marks, trade names, business names, trade styles, logos and other business identifiers, copyrights, technology, inventions, industrial designs, know-how, trade secrets and other industrial and intellectual property in which the Debtor has any right, title or interest;

“**Investment Assets**” means all present and future Investment Property (as such term is defined in the PPSA) and Financial Assets (as such term is defined in the STA) held by the Debtor, including all present and future options and warrants held by the Debtor and all other rights and entitlements arising therefrom or related thereto, and the Debtor present and future interests in partnerships, limited partnerships, limited liability partnerships and limited liability companies, all substitutions for any of the foregoing and all dividends and income derived therefrom or payable in connection therewith;

“**Issuer**” means an issuer as defined in the STA;

“**Loan Agreements**” means, collectively, the New Loan Agreement and the Existing Loan Agreement;

“**Money**” means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada or by a foreign government as part of its currency;

“**New Loan Agreement**” means the secured loan in the principal amount of \$500,000 pursuant to the term sheet dated the date hereof and the terms attached thereto as Schedule “E” between, *inter alios*, the Debtor and the Creditor, as amended, amended and restated, supplemented or otherwise modified from time to time;

“**Obligations**” means all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or unmatured, joint or several, of the Debtor to the Creditor, including, without limitation, pursuant to each of the Loan Agreements;

“**PPSA**” means the *Personal Property Security Act* (Ontario), as amended from time to time and any legislation substituted therefor and any amendments thereto, provided that, if perfection or the effect of perfection or non-perfection or the priority of any Encumbrance created hereunder or in relation to any other Document on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in a province or other jurisdiction other than Ontario, “PPSA” means the Personal Property Security Act or such other applicable legislation in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority;

“**Proceeds**” means identifiable or traceable personal property in any form derived directly or indirectly from any dealing with any of the Collateral or the proceeds therefrom;

“**Security Interest**” means the pledges, assignments, mortgages, charges and hypothecations of, and the security interests in, the Collateral created hereunder in favour of the Creditor; and

“**STA**” means the *Securities Transfer Act, 2006* (Ontario), as amended from time to time and any legislation substituted therefor and any amendments thereto.

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2. References such as “this agreement”, “hereof”, “herein”, “hereto” and like references refer to this agreement and any schedules, exhibits or appendices attached hereto (all of which schedules, exhibits and appendices form a part of this agreement) and not to any particular section, subsection, paragraph or other subdivision of this agreement.

3. The division of this agreement into sections, subsections and paragraphs and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.

4. Terms used herein which are defined in the PPSA or the STA, as applicable, shall have the same meanings herein as are ascribed to such terms in the PPSA or the STA, as applicable, unless such terms are otherwise defined.

5. The word “Debtor”, the personal pronoun “it” or “its” and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used. The term “successors” shall include, without limiting its meaning, any entity resulting from the amalgamation of an entity with another entity. Where the context so requires, words used herein (including defined terms) importing the singular shall include the plural and vice versa and words used herein (including defined terms) importing gender shall include all genders (including the neuter).

6. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, such provision or provisions shall be severed from this agreement only to the extent necessary, and the validity, legality and enforceability of the remaining provisions hereof, including the provision or provisions remaining after such severance, shall not in any way be affected or impaired thereby.

7. In the event that any day, on or before which any action is required to be taken hereunder, is not a business day, then such action shall be required to be taken on or before the first business day thereafter.

8. If any provision in this agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. 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 use of the term “includes” shall mean “includes, without limitation”.

9. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties hereby irrevocably and unconditionally attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Grant of Security Interest

10. As continuing security for the payment and performance of the Obligations, the Debtor hereby pledges, assigns, mortgages, charges and hypothecates to the Creditor, and grants to the Creditor, a security interest in the Collateral.

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Limited Exceptions to Grant of Security Interests

11. Despite any other provision of this agreement, the last day of any term reserved by any lease of real property, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor, and whether falling within the general or particular description of the Collateral, is hereby and shall be excepted out of the Security Interest, but the Debtor shall stand possessed of the reversion of one day remaining in the Debtor in respect of any such term, for the time being demised, as aforesaid, upon trust to assign and dispose of the same as any purchaser of such term shall direct.

12. Despite any other provision of this agreement, the Security Interest shall not attach to any Contractual Right to the extent that the granting of the Security Interest therein would constitute a breach of, or permit any person to terminate such Contractual Right, but the Debtor shall hold its interest in each such Contractual Right in trust for the Creditor, and shall, after the Security Interest shall have become enforceable and at the Creditor's written request, specifically assign each such Contractual Right to the Creditor, or as the Creditor may otherwise direct.

13. Despite any other provision of this agreement, the interests granted to the Creditor pursuant to this agreement in the Debtor's existing and after acquired trademarks shall be limited to the Creditor's security interests therein.

Attachment

14. The Debtor confirms and agrees that:

- (a) value has been given by the Creditor to the Debtor;
- (b) the Debtor has rights in all existing Collateral and power to transfer rights in the Collateral to the Creditor; and
- (c) the Debtor and the Creditor have not postponed the time for attachment of the Security Interest and the Security Interest shall attach to existing Collateral upon the execution of this agreement and shall attach to Collateral in which the Debtor hereafter acquires rights at the time that the Debtor acquires rights in such Collateral.

Representations and Warranties of the Debtor

15. The Debtor hereby represents and warrants to the Creditor that:

- (a) the Debtor has the capacity and authority to incur the Obligations, to create the Security Interest and to execute and deliver and perform its obligations under this agreement; and
- (b) this agreement constitutes a legal, valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting creditors' rights and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable remedies.

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Covenants of the Debtor

16. The Debtor agrees with the Creditor that, until the Obligations have been satisfied and paid in full:

- (a) it will:
 - (i) hold the proceeds received from any direct or indirect dealing with the Collateral in trust for the Creditor after the Security Interest becomes enforceable; and
 - (ii) following an Event of Default under either of the Loan Agreements, permit the Creditor from time to time, both before and after the Security Interest shall have become enforceable, to require any account debtor of the Debtor to make payment to the Creditor of any or all amounts owing by the account debtor to the Debtor and the Creditor may take control of any proceeds referred to herein and may hold all amounts received from any account debtor and any proceeds as cash collateral as part of the Collateral and as security for the Obligations.

Default

17. At the option of the Creditor, the Security Interest shall become enforceable upon the occurrence of an Event of Default as described under each of the Loan Agreements under the heading "Event of Default". For greater certainty, if the Debtor remedies the breached Event of Default of Events of Default following the time at which the Security Interest became enforceable, the Security Interest shall then cease to be enforceable.

Remedies of the Creditor

18. Whenever the Security Interest shall have become enforceable in accordance with Section 17, and so long as it shall remain enforceable, the Creditor may proceed to realize the Security Interest and the Collateral and to enforce the Creditor's rights by doing any one or more of the following:

- (a) entering upon the Collateral and any lands and premises where any Collateral is or may be located;
- (b) taking possession of Collateral by any method permitted by law;
- (c) leasing, selling, licensing or otherwise disposing of the whole or any part or parts of the Collateral;
- (d) accepting the Collateral in satisfaction of the Obligations; and
- (e) exercising any and all of the rights and remedies granted pursuant to the PPSA and any other applicable legislation, or otherwise available at law or in equity.

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19. The Creditor shall not be liable for any delay or failure to enforce any rights, powers or remedies available to it or to institute any proceedings for such purposes.

20. No right, power or remedy of the Creditor (whether granted herein or otherwise) shall be exclusive of or dependent on or merge in any other right, power or remedy, but all such rights, powers and remedies may from time to time be exercised independently or in combination.

21. Any and all payments made in respect of the Obligations from time to time and moneys realized from any Collateral (including moneys realized on any enforcement of this agreement) may be applied to such part or parts of the Obligations as the Creditor may see fit, and the Creditor shall at all times and from time to time have the right to change any appropriation as the Creditor may see fit.

22. The Debtor shall remain liable for all Obligations that are outstanding following realization of all or any part of the Collateral.

Rights of the Creditor

23. If the Debtor fails to perform or comply with any covenant or other obligation of the Debtor under this agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such covenant or other obligation, provided that any performance or compliance undertaken by the Creditor will not constitute a waiver, remedy or satisfaction of such failure.

24. The Creditor, without exonerating in whole or in part the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to the Debtor and all other Persons and securities as the Creditor may see fit. Nothing herein shall obligate the Creditor to extend or amend any credit to the Debtor or to any other person.

Notices

25. Any notice, demand, consent, approval or other communication to be made or given by or to the Debtor or the Creditor under or in connection with this agreement shall be made in accordance with the Loan Agreements.

Paramountcy

26. In the event of any conflict between the terms of this agreement and the terms of any of the other Documents, the provisions of such other Document shall govern to the extent necessary to remove the conflict.

Miscellaneous

27. Time shall be of the essence of this agreement.

28. Upon payment and fulfillment by the Debtor, its successors or permitted assigns, of all Obligations, including, for greater certainty, upon a Liquidity Event, the Creditor shall immediately, upon request in writing (including, by electronic mail) by the Debtor and at the Creditor's sole expense, discharge and release this agreement, the Security Interest and all related filings. If the Debtor reasonably believes that a Liquidity Event will occur, the Creditor shall

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deliver such signed discharges and releases in escrow to the Debtor and other involved parties in advance of the Liquidity Event so that such discharges and releases can be released from escrow and effective concurrently at the time of the Liquidity Event.

29. This agreement is in addition to and not in substitution for any other security now or hereafter held by the Creditor, and shall be general and continuing security notwithstanding that the Obligations shall be at any time or from time to time fully satisfied or paid.

30. The Creditor may in writing (and not otherwise) waive any default by the Debtor in the observance or performance of any provision of this agreement; provided that no waiver by the Creditor shall extend to or be taken in any manner whatsoever to affect any subsequent default, whether of the same or a different nature, or the rights resulting therefrom.

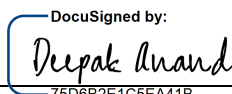
31. This agreement shall not be assignable by either party without the prior written consent of the other party. This agreement shall enure to the benefit of the Creditor and its successors and permitted assigns, and shall be binding on the Debtor and its successors and permitted assigns.

32. This agreement may be executed in any number of counterparts, all of which when taken together shall constitute one agreement. Any signatory hereto may deliver an executed copy of this agreement by facsimile or email to the addressee hereto provided that in such event that party shall promptly deliver to the addressee hereto an originally executed copy of this agreement.

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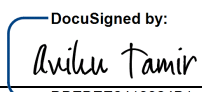
IN WITNESS WHEREOF this Agreement has been executed and delivered on the date first stated above.

11157353 CANADA CORP. DBA MATERIA

Per: 
Name: 75D6B2E1C5EA41B...
Title:

AGREED TO AND ACKNOWLEDGED by the undersigned as of the date first indicated above.

KANABO GROUP PLC

Per: 
Name: DBEBEE2413324B1...
Title:

THIS IS **EXHIBIT “L”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

SECURED PROMISSORY NOTE

October 28th, 2022
(the “**Effective Date**”)

FOR VALUE RECEIVED, 11157353 Canada Corp. dba Materia (the “**Debtor**”) hereby promises to pay, on the Maturity Date (as hereinafter defined), to or to the order of Alastair Crawford, (the “**Lender**”), or at such other place designated by the Lender, in lawful money of the Europe, the principal amount of €100,000, together with all accrued and unpaid interest calculated on the balance of such principal amount outstanding from time to time hereunder. On the Maturity Date, the Debtor shall repay the principal amount herein plus €20,000, except in the case of a MAE Event, in which case the Debtor shall be obligated to repay the principal amount herein plus €40,000 (“**Interest Amount**”). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Term Sheet.

This secured promissory note (this “**Secured Note**”) is issued in connection with the term sheet attached in Schedule “A” hereto (the “**Term Sheet**”) in respect of matters relating to the purchase of the Debtor and evidences indebtedness representing the First Tranche, as described in the Term Sheet. Following the entering into of this Secured Note, the Debtor and the Lender intend to enter into a secured loan agreement substantially on the terms set out in the Term Sheet whereby the Debtor and the Lender intend that all amounts owing hereunder shall be assumed and form part of such secured loan agreement. Following such assumption of this Secured Note under such secured loan agreement, this Secured Note shall automatically terminate.

This Note is secured (the “**Security Interest**”) against all of Debtor’s assets, and Lender’s security interest shall rank *pari passu* with the Kanabo loan as referenced in the Term Sheet, and in priority to the Ela loan, as referenced in the Term Sheet.

The term “**Maturity Date**” shall mean the Repayment Date as defined in the Term Sheet.

Payments made by the Debtor shall be made (i) by wire transfer in immediately available funds to the account of the Lender as directed by the Lender from time to time, or (ii) as the Lender may further direct in writing from time to time.

At any time, the Debtor shall have the right, but not the obligation, to repay the whole or any part of the amount outstanding under this Secured Note (including accrued interest) without penalty or bonus.

If the Debtor does not pay any amount it is obliged to pay under this Secured Note when it is due, the Debtor shall pay interest on such unpaid amount outstanding (the “**Unpaid Amount**”) for the period beginning on the first business day after the Maturity Date and ending on the date the Debtor receives the Unpaid Amount, both before and after judgment. The interest rate applicable to the Unpaid Amount shall be 1% per month, and shall be calculated on the principal and Interest Amount.

Interest shall be calculated daily for the actual number of days elapsed in the period during which it accrues based on a year of 360 days. For purposes of the *Interest Act* (Canada), where in this Note a rate of interest is to be calculated on the basis of a year of 360 days, the yearly rate of

interest to which the rate is equivalent is the rate multiplied by the actual number of days in the year for which the calculation is made and divided by 360, as applicable. No provision of this Note shall have the effect of requiring the Debtor to pay interest (as such term is defined in section 347 of the *Criminal Code* (Canada)) at a rate in excess of 60% per annum, taking into account all other amounts which must be taken into account for the purpose thereof and, to such extent, the Debtor's obligation to pay interest hereunder shall be so limited.


The Debtor hereby waives presentment for payment, demand, notice of non-payment, notice of protest of this Secured Note, and all other notices in connection with the delivery, acceptance, performance or enforcement of or default under this Secured Note, and waives diligence in collection or bringing suit with respect to this Secured Note.

This Secured Note shall not be assignable by either party without the prior written consent of the other party, except that the Lender shall be permitted to assign this Secured Note to either (i) MPX International Corporation and/or its successors or assigns or (ii) Flourish GmbH and/or its successors or assigns. This Secured Note and every part hereof shall be binding upon the Debtor and its permitted assigns and shall enure to the benefit of and be enforceable by the Lender and any of its permitted assigns.

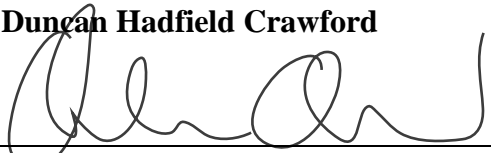
This Secured Note shall be construed, interpreted and applied in accordance with, and shall be governed by, the laws of the Province of Ontario and the federal laws of Canada, as applicable therein.

DATED as of the Effective Date.

11157353 CANADA CORP. DBA MATERIA

Per: 
Name: Vijay Sappani
Title: Director

Alastair Duncan Hadfield Crawford

Per: 
Name: Alastair Duncan Hadfield Crawford
Title:

LOAN AGREEMENT

THIS **LOAN AGREEMENT** dated as of the 24th day of November, 2022 entered into between 11157353 Canada Corp. dba Materia and Alastair Crawford (together, the “**Parties**”).

WHEREAS the Borrower is indebted to the Lender in the aggregate principal amount of €100,000 pursuant to the terms of a secured promissory note dated October 28, 2022 (the “**Promissory Note**”);

AND WHEREAS the Lender desires to lend, and the Borrower desires to Borrow, a further €300,000, subject to the terms and conditions contained in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

Borrower: 11157353 Canada Corp. d/b/a Materia with its registered office address located at 109 Ossington Avenue, Unit 602, Toronto, Ontario M6J 2Z2 (the “**Borrower**” or “**Materia**”)

Loan Amount: Up to €400,000 (the “**Loan**”), which will be comprised of (i) €100,000 that was advanced pursuant to the terms of the Promissory Note (the “**Initial Drawdown**”); (ii) €125,000 (the “**Second Tranche**”), which shall be advanced on the satisfaction of the Conditions Precedent (as defined below) (the “**Second Drawdown**”) and (iii) €175,000 (the “**Third Tranche**”), which shall be advanced on the date that is 30 days after the Second Drawdown (the “**Third Drawdown**”).

Termination of Promissory Note: Upon the entering into of this Agreement, the Parties acknowledge that the Promissory Note is hereby terminated as of the date hereof. From and after the date hereof, the Promissory Note will be of no further force or effect, and the Initial Drawdown shall be governed by this Agreement.

Lender: Alastair Crawford with a principal address of 48 Lamont Road, London, United Kingdom SW10 0HX (the “**Lender**”).

Materia Deutschland: Materia Deutschland GmbH, Bei den Mühren 1, c/o Regus, 20457 Hamburg, Germany, registered with the Register Court of the District Court of Hamburg under registration number HRB 152716, with a share capital of €25.000 of which the Borrower is the sole shareholder.

Security: The Borrower undertakes to grant a security interest in favour of the Lender (the “**Security Interest**”) in the form of a pledge of all shares of Materia Deutschland (the “**Materia Share Charge**”), a copy of which is attached hereto as Schedule “A”. To the extent any further

action is required to perfect the Materia Share Charge, the Borrower shall, other than with respect to any items that are the responsibility or in control of the Lender, take all such actions and incur such costs within a reasonable time to do so.

Conditions Precedent: The advance of the Second Tranche shall be subject to satisfaction of the following conditions precedent:

- Establishment of the Escrow Account (as defined below) pursuant to which (i) €50,000 of the Second Tranche will be held (the "**Second Tranche Escrowed Funds**") and (ii) €100,000 of the Third Tranche will be held (the "**Third Tranche Escrowed Funds**") and together with the Second Tranche Escrowed Funds, the "**Escrowed Funds**"), in each case for the benefit of Kanabo Group plc and as further set out herein under the heading "Escrow Arrangements"; and
- The satisfaction by the Borrower of the Materia Share Charge.

Purpose: Except for the funds going into the Escrow Account, the Borrower shall use all monies borrowed by it under this Agreement solely for the purpose of funding the operating expenses of its European subsidiaries.

Escrow Arrangements: Concurrently with the advance of the Second Tranche and the Third Tranche, the Lender shall hold the Second Tranche Escrowed Funds and the Third Tranche Escrowed Funds in an escrow account established by the Lender solely for the purpose of holding the Second Tranche Escrowed Funds and the Third Tranche Escrowed Funds (the "**Escrow Account**"). The Lender shall provide proof that the Escrowed Funds remain in the Escrow Account from time to time as requested by the Borrower. In addition, at the request of the Borrower following the date hereof, the Parties shall use their best efforts, acting reasonably and in good faith, to establish an escrow account to be maintained by a third party escrow agent for the Escrowed Funds, pursuant to which the Escrowed Funds would be held in such account substantially in accordance with the terms of this Agreement.

Upon completion of the acquisition of the Borrower by the Acquirer, the Escrowed Funds shall be released by the Lender to Kanabo Group plc ("**Kanabo**") as payment owing to Kanabo by the Borrower pursuant to the terms of an amended and restated term sheet dated November 4, 2021 entered into between the Borrower and Kanabo, as amended from time to time, pursuant to which Kanabo extended certain loans to the Borrower.

The Escrowed Funds shall be promptly returned to the Lender upon the occurrence of any of the following events:

- if the Parties have not entered into a binding SPA with respect to the acquisition of all the outstanding shares of the Borrower by the Acquirer by the Longstop Date;
- upon the Lender serving the Borrower with a Termination Notice or otherwise terminating this Agreement in accordance with the terms hereof;
- upon the occurrence of an Event of Default as set forth herein; or
- by mutual written agreement of the Borrower and the Lender;

and in each case, the amount of the Escrowed Funds so returned to the Lender shall be deducted from the total amount owing from the Borrower to the Lender under the Loan.

Loan Repayment Date: The repayment date shall be calculated as follows:

- if the Parties have not entered into a binding SPA with respect to the acquisition of all the outstanding shares of the Borrower (the “**Transaction**”) by an entity to be incorporated by MPX International Corporation and/or its successors, currently contemplated to be Flourish GmbH (the “**Acquirer**”) on or before the date that is 120 days after the Initial Drawdown (the “**Longstop Date**”) then Materia shall repay Lender the Loan and accrued Interest on the Longstop Date;
- if the Parties have entered into a binding SPA but Materia is unable to obtain the necessary board and/or shareholder approvals required for closing of the acquisition of all the outstanding shares of the Borrower by the Acquirer (“**Completion**”) on or before the Longstop Date, then Target shall repay Lender the Loan and accrued Interest on the Longstop Date;
- if the Parties have entered into a binding SPA but Completion has not taken place on or before the Longstop Date (except as provided in the point above) then Materia shall repay Lender the Loan and accrued Interest; or
- Completion takes place on or before the Longstop Date then the Target shall repay Lender the Loan and accrued interest on Completion, which amount will be deducted from the purchase price,

(each a “**Repayment Date**”).

Loan Pre-payment: At any time, the Borrower shall be permitted to repay the Loan plus accrued interest without any penalty (such date being the “**Early Repayment Date**”).

Impact of Material Adverse Effect Finding Lender shall have the right, but not the obligation, to decline to provide the Third Tranche to Materia in the event that in undertaking due

Prior to Third Drawdown:

diligence on Materia and its subsidiaries (the “**Group**”) it discovers information that it deems, acting reasonably, has or will have a Material Adverse Effect (as defined below) on the Group (an “**MAE Event**”).

Lender must notify Materia of a MAE Event on or before the date that is 10 business days after discovery of the MAE Event (the “**MAE Notification Date**”). In the event that Lender fails to notify Materia of a MAE Event on or before a MAE Notification Date then it shall be obligated to advance the Third Tranche to Materia. In the event that the MAE Event has been resolved satisfactorily, then Lender shall be obligated to advance the Third Tranche.

In the event that Lender notifies Materia of a MAE Event on or before the MAE Notification Date then the Parties shall use reasonable efforts to agree such amendments to the terms of this Term Sheet as the Parties, acting reasonably, believes are necessary to address the impact of the MAE Event on the business of the Group.

In the event that the Parties have not reached agreement before the date that is 5 days prior to the date of the Third Drawdown, then Lender may, on or before the date that is 5 days prior to the date of the Third Drawdown serve a written notice on Materia terminating the Transaction (a “**Termination Notice**”).

In the event that Lender serves a Termination Notice on Materia then Materia shall (i) repay the First Tranche and accrued Interest on or before a date that is three calendar months from the date of the Initial Drawdown and (ii) repay the Second Tranche and accrued Interest on or before a date that is three calendar months from the date of the Second Drawdown.

Impact of Material Adverse Effect Finding After Third Drawdown:

In the event that, after the date of the Third Drawdown, Lender identifies or is provided with information that it deems, acting reasonably, has or will have a Material Adverse Effect (as defined below) on the Group then it shall notify Materia of a MAE Event within 10 Business Days of becoming aware of such MAE Event, (the “**Later MAE Notification Date**”).

In the event that Lender notifies Materia of a MAE Event on or before the Later MAE Notification Date then the Parties shall use reasonable efforts to agree such amendments to the terms of this Term Sheet as the Parties, acting reasonably, believes are necessary to address the impact of the MAE Event on the business of the Group.

In the event that the Parties have not reached agreement before the date that is 5 Business Days prior to the Longstop Date then Lender may, on or before the date that is 2 Business Days prior to the Longstop Date, serve a Termination Notice.

In the event that Lender serves a Termination Notice on Target then the Loan and accrued Interest shall be repaid on the Repayment Date.

Impact of Termination other than for Material Adverse Effect: In the event that Lender terminates the Transaction for any reason and at any time other than for a Material Adverse Effect then:

- (a) Material shall make repayments as follows:
 - (i) repay the First Tranche and accrued Interest on or before a date that is three calendar months from the date of the Initial Drawdown; and
 - (ii) in the event the Second Drawdown or Third Drawdown has occurred, repay the Second Tranche (and Third Tranche if applicable) and accrued Interest on or before the date that is three calendar months from the date of the Second Drawdown with respect to the Second Tranche and the date that is three calendar months from the date of the Third Drawdown with respect to the Third Tranche, and
- (b) the Exclusivity Period shall terminate.

Material Adverse Effect: A Material Adverse Effect means any fact, matter, event, circumstance, condition or change which, is reasonably within the control or influence of the Borrower, and materially and adversely affects, or could reasonably be expected to materially and adversely affect, individually or in aggregate, the business, operations, assets, liabilities, condition (whether financial, trading or otherwise), prospects or operating results of the Group.

Interest Rate: Interest shall accrue daily beginning on the date of the First Drawdown, Second Drawdown and Third Drawdown until the Repayment Date at 20% annually (the “**Interest**”).

Default Interest Rate If the Borrower does not pay any amount it is obliged to pay under this Loan when it is due, the Borrower shall pay interest on such unpaid amount outstanding (the “**Unpaid Amount**”) for the period beginning on the first business day after the Repayment Date and ending on the date the Lender receives the Unpaid Amount. The interest rate applicable to the Unpaid Amount shall be 1% per month, and shall be calculated on the principal and Interest owing thereunder.

Representations and Warranties The Borrower makes the following representations and warranties to the Lender:

- The Borrower is a duly incorporated company validly existing under the laws of its jurisdiction of incorporation and has the power to own its assets and carry on its business as it is being conducted;
- The Borrower has the power to enter into, deliver and perform, and has taken all necessary action to authorize its entry into, delivery and performance of, the Loan and the transactions contemplated by them and no limit on its powers will be exceeded as a result of the borrowing contemplated by the Loan;
- The entry into and performance by it of, and the transactions contemplated by, the Loan do not and will not contravene or conflict with (i) the Borrower's constitutional documents; (ii) any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument; or (iii) any law or regulation or judicial or official order, applicable to it.
- The Borrower has obtained all required or desirable authorisations to enable it to enter into, exercise its rights and comply with its obligations in the Loan and to make them admissible in evidence in its jurisdiction of incorporation. Any such authorisations are in full force and effect; and
- The obligations expressed to be assumed by it in the Loan are legal, valid, binding and enforceable obligations.

General Covenants

The Borrower covenants with the Lender:

- The Borrower shall not (and shall procure that its subsidiaries shall not) (i) sell, transfer or otherwise dispose of any of its (or their) assets on terms whereby such asset is or may be leased to or re-acquired or acquired by it; (ii) sell, transfer or otherwise dispose of any of its (or their) receivables on recourse terms; (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of account or (iv) enter into any other preferential arrangement having a similar effect;
- The Borrower shall not (and shall procure that its subsidiaries shall not) sell, assign, lease, transfer or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, its (or their) assets other than (i) trading stock in the ordinary course of business; and (ii) assets exchanged for other assets comparable or superior as to type, value and quality;
- The Borrower shall continue to operate in the ordinary course, including refraining from taking any activity that would have a

material deterioration in its value or any of its business relationships;

- Except as set out below under the heading “Equity & Debt Financings”, the Borrower shall not issue new shares (or equivalent securities);
- The Borrower shall comply in all respects with all relevant laws to which it may be subject, if failure to do so would materially impair its ability to perform its obligations under the Loan;
- During the Exclusivity Period, the Borrower shall not enter into any amalgamation, demerger, merger or corporate reconstruction; and
- During the Exclusivity Period, the Borrower shall not make any substantial change to the general nature or scope of its business as carried on at the date of the Term Sheet.

Event of Default

Each of the following events shall constitute an event of default under the Loan, in which case, the Loan (including all accrued interest thereon) shall become immediately repayable:

- The Borrower fails to comply with the Covenants in the Loan and such default is not cured by the Borrower within 7 days of the earlier of the Lender notifying the Borrower of the default and the remedy required and the Borrower becoming aware of the default; and
- Any representation or warranty contained in the Loan is incomplete, untrue or incorrect in any material respect.

Equity & Debt Financings:

Prior to the Loan Repayment Date, the Borrower shall only be permitted to raise equity or debt from outside investors to repay its outstanding indebtedness. Further advances will be permitted from the Borrower’s existing shareholders provided that: (a) they are restricted to such amounts as necessary to fund ordinary cash flow, and (b) such advances are unsecured and rank behind sums owed to Lender.

Costs and Expenses:

Each Party shall bear its own costs and expenses incurred in connection with the matters dealt with herein, including without limitation, legal and accounting fees.

Amendment:

This Agreement may not be amended, changed, waived, discharged, or terminated, unless such amendment, change, waiver, discharge, or termination is in writing signed by each of the Parties.

Counterparts:

This Agreement may be executed in one or more counterparts, and by the Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall

constitute one and the same Agreement. Delivery of an executed counterpart of a signature page to this Agreement by any means of electronic transmission shall be effective as delivery of a manually executed counterpart of this Term Sheet.

Governing Law:

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Parties irrevocably agrees that the courts of the Province of Ontario shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with these heads of terms or their subject matter or formation.

Further Assurances:

At any time following the execution and delivery of this Term Sheet by the Parties, each Party hereto shall at their own expense execute and deliver all such documents and instruments and do all such acts as may reasonably be required in order to give full effect to the intent and meaning of this Term Sheet and the transactions contemplated by it.

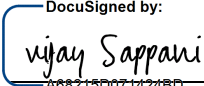
Assignment

This Agreement shall not be assignable by either party without the prior written consent of the other party, except that the Lender shall be permitted to assign this Agreement to either (i) MPX International Corporation and/or its successors or assigns or (ii) Flourish GmbH and/or its successors or assigns. This Secured Note and every part hereof shall be binding upon the Borrower and its permitted assigns and shall enure to the benefit of and be enforceable by the Lender and any of its permitted assigns.

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Acknowledged and Agreed to by the Parties:

11157353 CANADA CORP. dba MATERIA

Per:  _____
Name: Vijay Sappani
Title: Director

 _____
Alastair Crawford

SCHEDULE “A”

Pledge Agreement

(see attached)

Verpfändungsvertrag	Pledge agreement
<p>Zwischen:</p> <p>11157353 Canada Corp. mit Sitz in Toronto, eingetragen im Gesellschaftsregister von Kanada unter der Gesellschaftsnummer 1115735-3 und der Geschäftsnummer 720089689RC0001</p> <p>nachfolgend „Verpfänder“ genannt</p> <p>und der Alastair Crawford of 48 Lamont Road, London, United Kingdom SW10 0HX</p> <p>nachfolgend „Pfandgläubiger“ genannt</p>	<p>Between:</p> <p>11157353 Canada Corp. with its registered office in Toronto, registered with the Companies Registry of Canada under company number 1115735-3 and business number 720089689RC0001</p> <p>hereinafter referred to as the „Pledgor“</p> <p>and Alastair Crawford of 48 Lamont Road, London, United Kingdom SW10 0HX</p> <p>hereinafter referred to as „Pledgee“</p>
<p>Vorbemerkungen</p> <p>1. Am Stammkapital der Materia Deutschland GmbH mit Sitz in Hamburg, eingetragen im Handelsregister des Amtsgerichts Hamburg unter HRB 152716, (nachfolgend auch: „Materia Deutschland“ genannt) zu insgesamt €25.000 ist der Verpfänder als alleiniger Gesellschafter der Gesellschaft wie folgt beteiligt:</p> <p>a) 22.500 Geschäftsanteile im Nennbetrag von €1.</p> <p>b) 2.500 Geschäftsanteile im Nennbetrag von €1.</p> <p>Die Stammeinlagen sind jeweils in voller Höhe in bar eingezahlt, eine Nachschusspflicht besteht nicht.</p> <p>2. Der Pfandgläubiger und der Verpfänder haben am heutigen Tage einen Darlehnsvertrag über eine Darlehenssumme von insgesamt €400.000 abgeschlossen (nachfolgend „Darlehnsvertrag“ genannt). Die</p>	<p>Preliminary remarks</p> <p>1. In the share capital of Materia Deutschland GmbH with its registered office in Hamburg, registered in the Commercial Register of the Local Court of Hamburg under HRB 152716, (hereinafter also referred to as: „Materia Deutschland“) for a total of €25,000, the Pledgor, as the sole shareholder of the Company, has the following shareholdings:</p> <p>a) 22,500 shares with a nominal value of €1.</p> <p>b) 2,500 shares with a nominal value of €1.</p> <p>The capital contributions are paid up in full in cash; there is no obligation to make additional contributions.</p> <p>2. The Pledgee and the Pledgor have entered into a loan agreement today for a total loan amount of up to €400,000 (hereinafter referred to as the „Loan Agreement“). The granting of the Loan by the Pledgee is subject</p>

<p>Gewährung des Darlehns durch den Pfandgläubiger steht unter dem Vorbehalt des Abschlusses dieses Verpfändungsvertrages.</p>	<p>to the conclusion of this Pledge Agreement.</p>
<p style="text-align: center;">§ 1</p> <p style="text-align: center;">Verpfändung der Geschäftsanteile sowie weiterer Rechte</p> <p>(1) Der Verpfänder verpfändet hiermit dem Pfandgläubiger die vorstehend unter Ziffer 1. genannten Geschäftsanteile im Nennbetrag von insgesamt €25.000 sowie alle zukünftigen Geschäftsanteile an Materia Deutschland, die er nach Abschluss dieser Vereinbarung erwirbt (zusammen nachfolgend auch die „verpfändeten Geschäftsanteile“).</p> <p>Mitverpfändet werden:</p> <p>a) alle mit den verpfändeten Geschäftsanteilen verbundenen gegenwärtigen oder zukünftigen Ansprüche auf Auseinandersetzungsguthaben, Abfindungsansprüche aufgrund von Einziehung, Ansprüche auf Rückzahlung von Stammkapital im Falle von Kapitalherabsetzungen, Ansprüche auf Rückbezahlung von einbezahlten Nachschüssen, soweit sie nicht zur Deckung des Verlustes von Stammkapital erforderlich sind, Ansprüche auf Entschädigung im Falle einer Kündigung bzw. eines Austritts aus der Gesellschaft, Ansprüche auf einen Überschuss im Falle einer Preisgabe;</p> <p>b) alle gegenwärtigen oder</p>	<p style="text-align: center;">§ 1</p> <p style="text-align: center;">Pledging of shares and other rights</p> <p>(1) The Pledgor hereby pledges to the Pledgee the Shares referred to in Clause 1 above in the aggregate principal amount of €25,000 and any future Shares in Materia Deutschland which it acquires after entering into this Agreement (together hereinafter also referred to as the „Pledged Shares“).</p> <p>Also pledged are:</p> <p>a) all present or future claims associated with the pledged shares to settlement credits, claims to compensation due to redemption, claims to repayment of share capital in the event of capital reductions, claims to repayment of paid-in additional capital contributions insofar as they are not required to cover the loss of share capital, claims to compensation in the event of termination or withdrawal from the company, claims to a surplus in the event of a price surrender;</p> <p>b) all present or future claims to distribution of profits on the pledged shares;</p> <p>c) all subscription rights to shares issued after the conclusion of this agreement, and</p> <p>d) all other pecuniary claims and</p>

<p>zukünftigen Ansprüche auf Ausschüttung von Gewinnen auf die verpfändeten Geschäftsanteile;</p> <p>c) alle Bezugsrechte auf nach Abschluss dieses Vertrages ausgegebene Geschäftsanteile sowie</p> <p>d) alle sonstigen mit den verpfändeten Geschäftsanteilen verbundenen geldwerten Ansprüche und Rechte.</p> <p>(2) Aufgrund der Verpfändung nach diesem Vertrag erwirbt der Pfandgläubiger ein Pfandrecht an jedem einzelnen der nach diesem Vertrag verpfändeten Geschäftsanteile und Rechte. Die Pfandrechte haben untereinander den gleichen, ersten Rang.</p> <p>(3) Die Geschäftsanteile und Rechte, an denen nach diesem § 1 (1) Pfandrechte bestellt werden, werden zusammenfassend nachfolgend auch als „Sicherheiten“ bezeichnet. Die nach diesem § 1 bestellten Pfandrechte werden zusammenfassend nachfolgend auch als „Pfandrechte“ bezeichnet.</p>	<p>rights associated with the pledged shares.</p> <p>(2) By virtue of the pledge under this Agreement, the Pledgee shall acquire a lien on each of the shares and rights pledged under this Agreement. The liens have the same, first rank among themselves.</p> <p>(3) The shares and rights in respect of which liens are created pursuant to this § 1 (1) are hereinafter collectively also referred to as „Securities“. The liens created in accordance with this § 1 are also collectively referred to below as „Liens“</p>
<p style="text-align: center;">§ 2 Sicherungszweck</p> <p>(1) Die Verpfändung der Sicherheiten dient der Besicherung aller gegenwärtig bestehenden und zukünftigen, auch bedingten oder befristeten Ansprüche, die dem Pfandgläubiger aus dem Darlehnsvertrag in seiner jeweils geltenden Fassung, einschließlich aller</p>	<p style="text-align: center;">§ 2 Security purpose</p> <p>(1) The pledge of the securities serves to secure all present and future claims, including conditional or limited claims, to which the Pledgee is entitled under the Loan Agreement as amended from time to time, including any subsequent amendments, modifications or extensions (including</p>

<p>nachträglichen Ergänzungen, Änderungen oder Erweiterungen (einschließlich Erhöhungen des Darlehensbetrags) zustehen sowie einschließlich aller Zinsen, Kosten und sonstiger Auslagen, die dem Pfandgläubiger im Zusammenhang mit der Wahrung oder der Durchsetzung seiner Rechte unter dem Darlehnsvertrag und der Verwertung der nach diesem Verpfändungsvertrag gewährten Sicherheiten entstehen (nachfolgend „gesicherte Ansprüche“ genannt). Die Verpfändung bleibt unverändert bestehen, wenn die Laufzeit des Kreditvertrages oder der gesicherten Ansprüche ein- oder mehrmals verlängert oder verkürzt oder der Zinssatz ein- oder mehrmals geändert wird.</p> <p>(2) Die Pfandrechte dienen neben anderen bestellten Sicherungsrechten als zusätzliche Sicherung für die hiernach gesicherten Ansprüche, ohne das damit die sonstigen Sicherungsrechte in irgendeiner Form eingeschränkt würden.</p>	<p>increases in the Loan Amount), and including all interest, costs and other expenses incurred by the Pledgee in connection with the preservation or enforcement of its rights under the Loan Agreement and the realization of the Securities granted under this Pledge Agreement (the „Secured Claims“). The pledge shall remain unchanged if the term of the Loan Agreement or the Secured Claims is extended or shortened one or more times or the interest rate is changed one or more times.</p> <p>(2) The Liens shall serve as additional security for the claims secured hereunder in addition to other security interests provided, without restricting the other security interests in any way.</p>
<p style="text-align: center;">§ 3</p> <p style="text-align: center;">Gewinnverwendung, Rechte aus den Sicherheiten</p> <p>(1) Solange keines der unten in Abs. 3 lit. a) und b) beschriebenen Ereignisse eingetreten ist, ist der Verpfänder zum Empfang und zur Einbehaltung sämtlicher in Bezug auf die verpfändeten Geschäftsanteile ausgekehrten Gewinnausschüttungen in bar berechtigt.</p> <p>(2) Sachausschüttungen sowie Leistungen, welche der Verpfänder als Gegenleistung für die Sicherheiten</p>	<p style="text-align: center;">§ 3</p> <p style="text-align: center;">Appropriation of profits, rights from the securities</p> <p>(1) As long as none of the events described in para. 3 lit. a) and b) below have occurred, the Pledgor shall be entitled to receive and retain in cash all profit distributions distributed in respect of the pledged shares.</p> <p>(2) Distributions in kind as well as benefits which the Pledgor receives as consideration for the Securities shall be provided to the Pledgee as additional security hereunder. If the Pledgor receives any benefits which it</p>

<p>empfängt, sind dem Pfandgläubiger als zusätzliche Sicherheit hierunter zu bestellen. Falls der Verpfänder Leistungen empfängt, welche er an den Pfandgläubiger als zusätzliche Sicherheit hierunter zu bestellen hat, wird er diese jeweils als Treuhänder für den Pfandgläubiger von seinem übrigen Vermögen getrennt halten und an den Pfandgläubiger so herausgeben, wie er sie jeweils empfangen hat. Außerdem wird er die für die Übertragung erforderlichen Handlungen vornehmen.</p> <p>(3) Falls und solange</p> <p>a) die durch diesen Verpfändungsvertrag gesicherten Ansprüche ganz oder zum Teil fällig geworden sind und nicht innerhalb der im Darlehnsvertrag vereinbarten Frist bezahlt werden,</p> <p>oder falls</p> <p>b) der Verpfänder zahlungsunfähig wird oder falls ein Insolvenzverfahren über das Vermögen des Verpfänders eröffnet wird, oder der Verpfänder ein solches Verfahren beantragt hat, oder wenn ein Dritter die Eröffnung eines solchen Verfahrens beantragt und dieser Antrag weder rechtsmissbräuchlich ist noch binnen einer Frist von einer Woche nach Antragstellung wieder zurückgenommen oder trotz hinreichender Masse abgewiesen wird,</p> <p>erlischt das Recht des Verpfänders, Gewinnausschüttungen in bar zu beziehen, zu deren Empfang er gemäß vorstehendem Abs. 1 berechtigt ist, ab dem jeweiligen vorgenannten</p>	<p>is required to provide to the Pledgee as additional security hereunder, it shall keep each such benefit separate from its other assets as trustee for the Pledgee and shall deliver such benefit to the Pledgee as he received it. He shall also do such acts as may be necessary for the transfer.</p> <p>(3) If and as long as</p> <p>a) the claims secured by this pledge agreement have become due in whole or in part and are not paid within the period agreed in the Loan Agreement,</p> <p>or if</p> <p>b) the Pledgor becomes insolvent or if insolvency proceedings are opened against the assets of the Pledgor, or the Pledgor has applied for such proceedings, or if a third party applies for the opening of such proceedings and this application is neither abusive of rights nor withdrawn again within a period of one week after the application has been made or is rejected despite sufficient assets,</p> <p>the Pledgee's right to receive profit distributions in cash, which he is entitled to receive pursuant to the preceding para. 1, shall expire as of the respective aforementioned point in time. From this point in time, only the Pledgee is entitled to receive profit distributions.</p> <p>(4) The Pledgor is entitled to exercise the shareholder rights associated with the Pledged Shares himself, in particular the voting right. The Pledgee shall refrain from issuing any instructions in</p>
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<p>Zeitpunkt. Ab diesem Zeitpunkt ist ausschließlich der Pfandgläubiger zum Bezug von Gewinnausschüttungen berechtigt.</p> <p>(4) Der Verpfänder ist berechtigt, die mit den verpfändeten Geschäftsanteilen verbundenen Gesellschafterrechte, insbesondere das Stimmrecht, selbst auszuüben. Der Pfandgläubiger wird sich insoweit jeder Weisung enthalten. Der Verpfänder ist jedoch bis zur unwiderruflichen vollständigen Zahlung und Erfüllung der gesicherten Ansprüche oder Freigabe der verpfändeten Sicherheiten verpflichtet, bei Ausübung seiner Stimmrechte stets nach Treu und Glauben zu handeln, um sicherzustellen, dass der Wert der Sicherheiten und die Wirksamkeit oder Durchsetzbarkeit der Pfandrechte in keiner Weise beeinträchtigt werden.</p> <p>(5) Zur Klarstellung wird festgehalten, dass der Verpfänder über die Ansprüche auf Liquidationserlös oder Abfindung anstelle der Geschäftsanteile auch vor Eintritt der Berechtigung zur Verwertung (siehe § 4) nicht verfügungsbefugt ist. Die aus diesen Ansprüchen resultierenden Zahlungen sind an den Pfandgläubiger auf ein Escrow-Konto zu leisten, das für die Dauer der Verpfändung gesperrt ist.</p>	<p>this respect. However, until irrevocable payment in full and satisfaction of the Secured Claims or release of the pledged Securities, the Pledgor is obliged to act in good faith at all times when exercising its voting rights in order to ensure that the value of the Securities and the effectiveness or enforceability of the Liens are not impaired in any way.</p> <p>(5) For the avoidance of doubt, it is stated that the Pledgor shall not be entitled to dispose of the claims to liquidation proceeds or compensation in lieu of the shares, even prior to the occurrence of the entitlement to realisation (see § 4). The payments resulting from these claims are to be made to the Pledgee into an escrow account which is blocked for the duration of the pledge.</p>
<p style="text-align: center;">§ 4 Verwertung der Sicherheiten</p> <p>(1) Der Pfandgläubiger ist berechtigt, die mit diesem Verpfändungsvertrag verpfändeten Sicherheiten zu verwerten, wenn ein „Event of Default“ im Sinne des Darlehensvertrages eintritt</p>	<p style="text-align: center;">§ 4 Realisation of Securities</p> <p>(1) The Pledgee shall be entitled to realise the Securities pledged under this pledge agreement if an „Event of Default“ within the meaning of the Loan Agreement occurs (hereinafter referred to as „Realisation Event“).</p>

<p>(nachfolgend „Verwertungsfall“ genannt). Die Anwendbarkeit von § 1277 BGB wird ausgeschlossen, so dass zur Verwertung der verpfändeten Sicherheiten kein vollstreckbarer Titel erforderlich ist. Die Verwertung der verpfändeten Sicherheiten ist erst dann zulässig, nachdem der Verpfänder die Verwertung der Sicherheiten unter Setzung einer Frist von zwei Wochen angedroht hat und diese Frist abgelaufen ist. Der Androhung und Fristsetzung bedarf es jedoch nicht, wenn der Verpfänder zahlungsunfähig geworden ist oder über das Vermögen des Verpfänders ein Insolvenzverfahren eröffnet worden ist; Gleiches gilt, wenn der Verpfänder die Eröffnung eines Insolvenzverfahrens beantragt hat oder wenn ein Dritter die Eröffnung eines solchen Verfahrens beantragt hat und dieser Antrag weder rechtsmissbräuchlich ist noch binnen einer Frist von einer Woche nach Antragstellung wieder zurückgenommen oder trotz hinreichender Masse abgewiesen wird.</p> <p>(2) Im Verwertungsfall ist der Pfandgläubiger bei Vorliegen der übrigen im vorstehenden Abs. 1 geschilderten Voraussetzungen berechtigt,</p> <p>a) die nach diesem Vertrag verpfändeten Geschäftsanteile (oder Teile davon) durch öffentliche Versteigerung an jedem von dem Pfandgläubiger bestimmten Ort oder, falls ein Markt- oder Börsenpreis besteht, nach seiner Wahl durch freihändigen Verkauf zu</p>	<p>The applicability of § 1277 BGB (German Civil Code) is excluded, so that no enforceable title is required for the realisation of the pledged Securities. The realisation of the pledged Securities is only permissible after the Pledgor has threatened the realisation of the Securities by setting a deadline of two weeks and this deadline has expired. However, the threat and the setting of a time limit shall not be required if the Pledgor has become insolvent or if insolvency proceedings have been opened against the assets of the Pledgor; the same shall apply if the Pledgor has applied for the opening of insolvency proceedings or if a third party has applied for the opening of such proceedings and this application is neither abusive in law nor is it withdrawn again within a period of one week after the application has been made or is rejected despite sufficient assets.</p> <p>(2) In the Realisation Event, the Pledgee shall, if the other preconditions described in para. 1 above are fulfilled, be entitled to,</p> <p>a) realise the shares (or parts thereof) pledged under this agreement by public auction at any place designated by the Pledgee or, if a market or stock exchange price exists, by private sale at the Pledgee's option, without the need for any further notice with respect to the auction or sale;</p> <p>b) to demand all documents from the Pledgor concerning the</p>
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<p>verwerten, ohne dass es einer weiteren Androhung in Bezug auf die Versteigerung oder den Verkauf bedarf;</p> <p>b) sämtliche Unterlagen von dem Verpfänder über die Sicherheiten herauszuverlangen;</p> <p>c) alle sonstigen rechtlich zulässigen Handlungen vorzunehmen, die notwendig oder zweckmäßig sind, um die nach diesem Verpfändungsvertrag von dem Verpfänder bestellten Sicherungsrechte zu verwerten, soweit diese nicht bereits unter lit. a) und b) genannt sind.</p> <p>Die vorstehenden Bestimmungen gelten vorbehaltlich zwingender Vorschriften der Insolvenzordnung.</p> <p>(3) Die Ansprüche auf Gewinnausschüttungen, Abfindung und Liquidationserlös und sonstige Zahlungsansprüche wird der Pfandgläubiger durch Einziehung verwerten. Der Pfandgläubiger ist für diese Zwecke berechtigt, Materia Deutschland von der Durchführung der Verwertung zu informieren.</p> <p>(4) Die angemessenen Kosten der Verwertung der nach diesem Verpfändungsvertrag gewährten Sicherheiten trägt der Verpfänder.</p> <p>(5) Der Pfandgläubiger wird eine Verwertung nur in dem Umfang vornehmen, als dies zur Befriedigung der rückständigen gesicherten Ansprüche erforderlich ist. Der bei der</p>	<p>Securities;</p> <p>c) to take all other legally permissible actions which are necessary or expedient in order to realise the security interests created by the Pledgor under this pledge agreement, insofar as these are not already mentioned under a) and b).</p> <p>The above provisions shall apply subject to mandatory provisions of the German Insolvency Code.</p> <p>(3) The Pledgee shall realise the claims to profit distributions, compensation and liquidation proceeds and other payment claims by way of collection. For these purposes, the Pledgee is entitled to inform Materia Deutschland of the execution of the realization.</p> <p>(4) The reasonable costs of realising the Securities granted under this pledge agreement shall be borne by the Pledgor.</p> <p>(5) The Pledgee shall realise the Securities only to the extent necessary to satisfy the outstanding Securities. The proceeds from the realisation of the Securities - less any value added tax - shall first be used to pay the costs and expenses incurred in connection with the realisation. The remaining proceeds shall be applied in accordance with the order of satisfaction provided for by law. Any remaining surplus shall be surrendered by the Pledgee to the Pledgor - or, if the Pledgee is obliged to surrender to a third party, to such third party - at the expense of the Pledgor.</p>
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<p>Verwertung der Sicherheiten erzielte Erlös – abzüglich etwaiger Umsatzsteuer – wird zuerst zur Begleichung der im Zusammenhang mit der Verwertung entstehenden Kosten und Auslagen verwandt. Der danach verbleibende Erlös wird entsprechend der gesetzlich vorgesehenen Befriedungsreihenfolge verwandt. Einen etwa noch verbleibenden Überschuss wird der Pfandgläubiger an den Verpfänder – bzw. soweit der Pfandgläubiger zur Herausgabe an einen Dritten verpflichtet ist, an diesen – auf Kosten des Verpfänders herausgeben.</p> <p>(6) Der Verpfänder ist verpflichtet, auf eigene Kosten alle Erklärungen abzugeben und Handlungen vorzunehmen, die zur Realisierung der nach diesem Verpfändungsvertrag bestellten Pfandrechte erforderlich sind.</p>	<p>(6) The Pledgor is obliged to make all declarations and take all actions at his own expense which are necessary for the realisation of the Liens created under this pledge agreement.</p>
<p style="text-align: center;">§ 5 Überprüfungsrecht</p> <p>(1) Der Pfandgläubiger ist jederzeit berechtigt, während der üblichen Geschäftszeiten alle Informationen, Aufzeichnungen und Schriftstücke einzusehen und zu vervielfältigen, deren Kenntnis notwendig oder zweckmäßig ist, um die nach diesem Verpfändungsvertrag gewährten Pfandrechte überprüfen oder geltend machen zu können.</p> <p>(2) Falls ein Dritter Zugang zu Informationen, Aufzeichnungen oder Schriftstücken hat, die notwendig oder zweckmäßig sind, um die nach diesem Verpfändungsvertrag gewährten Pfandrechte zu überprüfen oder</p>	<p style="text-align: center;">§ 5 Right of review</p> <p>(1) The Pledgee shall be entitled at any time during normal business hours to inspect and copy any information, records and documents knowledge of which is necessary or expedient to enable it to verify or enforce the Liens granted under this pledge agreement.</p> <p>(2) If a third party has access to information, records or documents which are necessary or expedient in order to verify or assert the Liens granted under this pledge agreement, the Pledgor hereby already irrevocably authorises the Pledgee to have such information, records and documents handed over to him on behalf of the</p>

<p>geltend zu machen, bevollmächtigt der Verpfänder den Pfandgläubiger bereits hiermit unwiderruflich, sich diese Informationen, Aufzeichnungen und Schriftstücke im Namen des Verpfänders aushändigen zu lassen. Der Pfandgläubiger wird den Verpfänder über solche Vorgänge unverzüglich unterrichten.</p> <p>(3) Der Verpfänder wird fortlaufend alle Informationen, Aufzeichnungen und Schriftstücke auf dem neuesten Stand halten, soweit sie sich auf die nach diesem Verpfändungsvertrag bestellten Pfandrechte beziehen.</p>	<p>Pledgor. The Pledgee shall promptly notify the Pledgor of any such transactions.</p> <p>(3) The Pledgor shall keep continuously updated all information, records and documents insofar as they relate to the Liens created under this pledge agreement.</p>
<p style="text-align: center;">§ 6 Verpflichtungen des Verpfänders</p> <p>Solange nach diesem Verpfändungsvertrag gesicherte Ansprüche ausstehen, bzw. entstehen können, ist der Verpfänder verpflichtet,</p> <p>a) nicht über die Sicherheiten zu verfügen, ohne die vorherige schriftliche Zustimmung des Pfandgläubigers keine anderen Sicherungsrechte oder Rechte Dritter an den Sicherheiten zu bestellen oder solchen Rechten zuzustimmen sowie ferner keine Handlungen vorzunehmen oder zu unterlassen, die darauf gerichtet sind oder zur Folge haben können, dass die Sicherheiten oder die in diesem Vertrag an den Sicherheiten bestellten Pfandrechte nicht mehr bestehen oder in irgendeiner Weise belastet sind, die in diesem Vertrag nicht vorgesehen ist;</p> <p>b) unverzüglich alle Zahlungen vorzunehmen, die er jeweils der Materia Deutschland oder einem</p>	<p style="text-align: center;">§ 6 Obligations of the pledgor</p> <p>As long as secured claims are outstanding or may arise under this pledge agreement, the Pledgor shall,</p> <p>(a) not dispose of the Securities, not create or consent to any other security interest or third party interest in the Securities without the prior written consent of the Pledgee, and not do or refrain from doing any act which would or might cause the Securities or any lien created on the Securities under this agreement to cease to exist or to be encumbered in any manner not provided for in this agreement;</p> <p>b) promptly make all payments due from time to time to Materia Deutschland or any third party in respect of or in connection with the pledged Securities and to ensure that all future shares are fully paid up and that there is no obligation to make additional payments in respect of the future shares;</p>

<p>Dritten im Hinblick auf die verpfändeten Sicherheiten oder im Zusammenhang damit schuldet sowie sicherzustellen, dass sämtliche zukünftigen Geschäftsanteile vollständig einbezahlt werden und keine Nachschusspflicht in Bezug auf die zukünftigen Geschäftsanteile besteht;</p> <p>c) dem Pfandgläubiger so schnell als möglich, jedenfalls aber wenigstens 5 Werktagen zuvor, Änderungen seiner jeweiligen Anschrift schriftlich anzuzeigen;</p> <p>d) dem Pfandgläubiger unverzüglich alle zukünftig gehaltenen Geschäftsanteile schriftlich anzuzeigen;</p> <p>e) dem Pfandgläubiger unverzüglich anzuzeigen, wenn die Rechte des Pfandgläubigers an den Sicherheiten durch Pfändung oder sonstige Maßnahmen Dritter wesentlich beeinträchtigt oder gefährdet werden. Im Falle einer Pfändung ist der Verpfänder verpflichtet, dem Pfandgläubiger unverzüglich eine Abschrift des Pfändungsbeschlusses, des Überweisungsbeschlusses und aller sonstigen für die Abwehr der Pfändung erforderlichen Dokumente zu übermitteln. Der Verpfänder ist verpflichtet, den pfändenden Gläubiger unverzüglich von den Rechten des Pfandgläubigers an den Sicherheiten in Kenntnis zu setzen. Kosten oder Auslagen für alle Interventionsmaßnahmen trägt der Pfandgläubiger; und</p> <p>f) den Pfandgläubiger unverzüglich schriftlich über jede</p>	<p>c) notify the Pledgee in writing of any change of address as soon as possible, but in any event at least 5 working days in advance;</p> <p>d) immediately notify the Pledgee in writing of all future shares held;</p> <p>e) notify the Pledgee without undue delay if the Pledgee's rights to the Securities are materially impaired or endangered by attachment or other measures taken by third parties. In the event of an attachment, the Pledgor is obliged to immediately provide the Pledgee with a copy of the attachment order, the transfer order and all other documents required for the defence against the attachment. The Pledgor shall immediately notify the attaching creditor of the Pledgee's rights in the Securities. Costs or expenses of any intervention measures shall be borne by the Pledgee; and</p> <p>f) notify the Pledgee without undue delay in writing of any shareholders' meeting at which a resolution is proposed which would be likely to have a material adverse effect on the Liens or the Securities and to allow the Pledgee or its representative to attend the shareholders' meeting. As of the occurrence of an enforcement event, the Pledgor is obliged to notify the Pledgee without undue delay of any shareholders' meeting, sending the agenda, and to allow the Pledgee or a representative of the Pledgee to attend the shareholders' meeting.</p>
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<p>Gesellschafterversammlung in Kenntnis zu setzen, auf der ein Beschluss vorgeschlagen wird, der sich voraussichtlich wesentlich nachteilig auf die Pfandrechte oder die Sicherheiten auswirken würde, und dem Pfandgläubiger oder seinem Vertreter die Teilnahme an der Gesellschafterversammlung zu gestatten. Ab Eintritt eines Verwertungsfalles ist der Verpfänder verpflichtet, den Pfandgläubiger unverzüglich unter Übersendung der Tagesordnung über jede Gesellschafterversammlung in Kenntnis zu setzen und dem Pfandgläubiger oder einem Vertreter des Pfandgläubigers die Teilnahme an der Gesellschafterversammlung zu gestatten.</p>	
<p style="text-align: center;">§ 7 Garantien des Verpfänders</p> <p>(1) Der Verpfänder garantiert, dass</p> <p>a) die Angaben in den Vorbemerkungen dieses Verpfändungsvertrages richtig und vollständig sind und er der rechtmäßige Inhaber der nach diesem Vertrag verpfändeten Geschäftsanteile ist und diese Geschäftsanteile nicht mit anderen Pfandrechten oder sonstigen Sicherungsrechten zugunsten Dritter belastet sind, und zwar gleich welcher Art;</p> <p>b) Materia Deutschland rechtswirksam besteht und weder zahlungsunfähig oder überschuldet noch Gegenstand eines Insolvenzverfahrens ist;</p>	<p style="text-align: center;">§ 7 Guarantees of the Pledgor</p> <p>(1) The Pledgor guarantees that</p> <p>a) the information in the preliminary remarks of this pledge agreement is correct and complete and he is the legal owner of the shares pledged under this agreement and these shares are not encumbered with other liens or other security interests in favour of third parties of any kind whatsoever;</p> <p>b) Materia Deutschland legally exists and is neither insolvent or over-indebted nor subject to insolvency proceedings;</p> <p>(c) he is not subject to any restriction on the transfer or pledge or other disposition of the</p>

<p>c) er keiner Beschränkung hinsichtlich der Übertragung oder Verpfändung der Geschäftsanteile oder anderweitigen Verfügung hierüber oder des Rechts auf Erhalt von Gewinnausschüttungen oder anderen Auskehrungen in Bezug auf die Geschäftsanteile unterliegt;</p> <p>d) keine Gesellschafterbeschlüsse der Materia Deutschland zur Änderung des Gesellschaftsvertrages gefasst wurden, die noch nicht im Handelsregister vollzogen sind; und</p> <p>e) weder stille Beteiligungen noch sonstige Vereinbarungen bestehen, die einem Dritten Rechte am Gewinn der Materia Deutschland gewähren.</p> <p>(2) Sollten Garantien gemäß Absatz 1 ganz oder teilweise unrichtig sein, wird der Verpfänder den Pfandgläubiger so stellen, wie dieser stünde, wenn die abgegebene Garantie richtig gewesen wäre. Der vorgenannte Anspruch erfordert kein Verschulden seitens des Verpfänders.</p>	<p>shares or on the right to receive distributions of profits or other distributions in respect of the shares;</p> <p>d) no shareholders' resolutions of Materia Deutschland have been passed to amend the Memorandum and Articles of Association which have not yet been executed in the Commercial Register; and</p> <p>e) neither dormant holdings nor other agreements exist which grant a third party rights to the profits of Materia Deutschland.</p> <p>(2) If guarantees under para. (1) are wholly or partly incorrect, the Pledgor shall place the Pledgee in the position he would have been in if the guarantee given had been correct. The aforementioned claim does not require any fault on the part of the Pledgor</p>
<p style="text-align: center;">§ 8 Dauer</p> <p>(1) Dieser Vertrag begründet eine fortdauernde Besicherung und Änderungen oder Zusätze irgendeiner Art zu dem Darlehnsvertrag oder die Freigabe einer Sicherheit berühren die Wirksamkeit oder den Umfang dieses Vertrages nicht.</p>	<p style="text-align: center;">§ 8 Duration</p> <p>(1) This agreement creates a continuing security interest and amendments or additions of any kind to the Loan Agreement or the release of any security shall not affect the validity or scope of this agreement.</p>

<p>(2) Dieser Vertrag bleibt bis zur vollständigen unwiderruflichen Erfüllung der gesicherten Ansprüche uneingeschränkt wirksam und in Kraft. Die Pfandrechte erlöschen nicht, wenn eine Zahlung zur Befriedigung der gesicherten Ansprüche diese nur vorübergehend zum Erlöschen bringt.</p>	<p>(2) This agreement shall remain in full force and effect until the secured claims have been irrevocably satisfied in full. The Liens shall not be extinguished if a payment in satisfaction of the secured claims only temporarily extinguishes them.</p>
<p style="text-align: center;">§ 9 Sicherheitenfreigabe</p> <p>Nach endgültiger und unwiderruflicher Erfüllung der durch diese Verpfändung gesicherten Ansprüche erlöschen die Pfandrechte von Gesetzes wegen. Der Pfandgläubiger hat auf Verlangen des Verpfänders diesem zu bestätigen, dass die Pfandrechte erloschen sind und zu erklären, dass die Sicherheiten freigegeben sind. Dies gilt nicht, wenn die Pfandrechte kraft Gesetzes auf einen anderen übergehen.</p>	<p style="text-align: center;">§ 9 Security Release</p> <p>After final and irrevocable fulfilment of the claims secured by this pledge, the Liens shall expire by operation of law. At the Pledgor's request, the Pledgee shall confirm to the Pledgor that the Liens have expired and declare that the Securities have been released. This does not apply if the Liens are transferred to another party by operation of law.</p>
<p style="text-align: center;">§ 10 Rechtsnachfolger</p> <p>(1) Falls der Pfandgläubiger seine durch diesen Verpfändungsvertrag gesicherten Ansprüche ganz oder teilweise an einen Dritten überträgt oder falls ein derartiger Dritter seine Ansprüche an einen weiteren Dritten überträgt (nachfolgend „Rechtsnachfolger“ genannt), gehen die Rechte und Pflichten des Pfandgläubigers zusammen mit den an den Sicherheiten bestellten Pfandrechten auf den jeweiligen Rechtsnachfolger ganz oder teilweise über, sobald die vorgenannte Übertragung wirksam wird. Die Pfandrechte des Pfandgläubigers und aller seiner Rechtsnachfolger sind</p>	<p style="text-align: center;">§ 10 Legal successor</p> <p>(1) If the Pledgee transfers its claims secured by this pledge agreement in whole or in part to a third party or if such third party transfers its claims to another third party (hereinafter referred to as „Legal Successor“), the rights and obligations of the Pledgee shall pass in whole or in part to the respective Legal Successor together with the Liens created on the Securities as soon as the aforementioned transfer becomes effective. The Liens of the Pledgee and all of its Legal Successors shall rank pari passu.</p> <p>(2) The rights and obligations of the</p>

<p>gleichrangig.</p> <p>(2) Die Rechte und Pflichten des Verpfänders aus diesem Verpfändungsvertrag sind nur mit vorheriger schriftlicher Zustimmung des Pfandgläubigers abtretbar.</p> <p>(3) Dieser Vertrag findet auch im Falle der Gesamtrechtsnachfolge auf Seiten des Verpfänders weiterhin Anwendung.</p>	<p>Pledgor under this pledge agreement are assignable only with the prior written consent of the Pledgee.</p> <p>(3) This Agreement shall continue to apply in the event of universal succession on the part of the Pledgor.</p>
<p style="text-align: center;">§ 11</p> <p style="text-align: center;">Vertragsänderung und teilweise Unwirksamkeit</p> <p>(1) Änderungen dieses Verpfändungsvertrages sowie der Verzicht auf Rechte aus diesem Vertrag bedürfen der Schriftform, sofern nicht zwingend eine strengere Form vorgeschrieben ist. Dies gilt auch für einen Verzicht auf das Schriftformerfordernis gemäß diesem Absatz 1.</p> <p>(2) Sollte eine Bestimmung dieses Verpfändungsvertrages ganz oder teilweise unwirksam oder undurchführbar sein oder werden, so berührt dies nicht die Wirksamkeit der übrigen Bestimmungen dieses Vertrages. An die Stelle der unwirksamen oder undurchführbaren Bestimmungen tritt eine andere wirksame oder durchführbare Bestimmung, welche die Parteien im Hinblick auf Sinn und Zweck dieses Vertrages vereinbart hätten, wenn sie bei Abschluss dieses Vertrags die Unwirksamkeit oder die Undurchführbarkeit der jeweiligen Bestimmung bedacht hätten, wenn sie bei Abschluss dieses Vertrags die</p>	<p style="text-align: center;">§ 11</p> <p style="text-align: center;">Amendment of the contract and partial invalidity</p> <p>(1) Amendments to this pledge agreement as well as the waiver of rights under this agreement must be made in writing unless a stricter form is mandatory. This shall also apply to a waiver of the written form requirement pursuant to this para. (1).</p> <p>(2) Should any provision of this pledge agreement be or become invalid or unenforceable in whole or in part, this shall not affect the validity of the remaining provisions of this agreement. The invalid or unenforceable provision shall be replaced by another valid or enforceable provision which the parties would have agreed upon with regard to the meaning and purpose of this agreement if they had considered the invalidity or unenforceability of the respective provision when concluding this agreement, which corresponds to the intentions of the parties with regard to the meaning and purpose of this agreement. The foregoing provision shall apply mutatis mutandis in the event that this</p>

<p>Unwirksamkeit oder die Undurchführbarkeit der jeweiligen Bestimmung bedacht hätten, welche den Absichten der Parteien im Hinblick auf Sinn und Zweck dieses Vertrags entspricht. Die vorstehende Bestimmung findet entsprechend Anwendung, falls dieser Vertrag eine Lücke enthalten sollte.</p> <p>(3) Jede Vertragspartei trägt die Kosten der von ihr beauftragten Berater. Die infolge des Abschlusses und der Durchführung dieses Vertrags entstehenden Kosten und Steuern, einschließlich der Notarkosten und etwaiger Verkehrssteuern, trägt im Innenverhältnis der Parteien allein der Verpfänder.</p>	<p>agreement should contain a gap.</p> <p>(3) Each party shall bear the costs of the advisors engaged by it. The costs and taxes incurred as a result of the conclusion and performance of this agreement, including notarial costs and any transaction taxes, shall be borne solely by the Pledgor in the internal relationship between the parties.</p>
<p style="text-align: center;">§ 12</p> <p style="text-align: center;">Anwendbares Recht und Gerichtsstand</p> <p>(1) Dieser Vertrag unterliegt dem Recht der Bundesrepublik Deutschland.</p> <p>(2) Zuständig für alle Streitigkeiten aus oder im Zusammenhang mit diesem Vertrag sind die Gerichte in Hamburg. Diese Vereinbarung beschränkt jedoch nicht das Recht des Pfandgläubigers, Rechtsstreitigkeiten gegen den Verpfänder vor jedem anderen örtlich zuständigen Gericht zu führen.</p>	<p style="text-align: center;">§ 12</p> <p style="text-align: center;">Applicable law and place of jurisdiction</p> <p>(1) This contract is subject to the law of the Federal Republic of Germany.</p> <p>(2) The courts in Hamburg shall have jurisdiction for all disputes arising out of or in connection with this contract. This agreement shall not, however, limit the Pledgee's right to bring legal proceedings against the Pledgor before any other court having local jurisdiction.</p>
<p style="text-align: center;">§ 13</p> <p style="text-align: center;">Mitteilung an Materia Deutschland</p> <p>Der Verpfänder und der Pfandgläubiger beauftragen und bevollmächtigen hiermit den beurkundenden Notar, Materia Deutschland über die Verpfändungen durch Übersendung einer beglaubigten Abschrift dieses Vertrages per Einschreiben (mit Rückschein) zu unterrichten.</p>	<p style="text-align: center;">§ 13</p> <p style="text-align: center;">Notification to Materia Germany</p> <p>The Pledgor and the Pledgee hereby instruct and authorize the certifying notary public to notify Materia Deutschland of the pledges by sending a certified copy of this agreement by registered mail (with return receipt requested).</p> <p>Teachings:</p>

<p>Belehrungen:</p> <p>Der Notar hat darauf hingewiesen,</p> <ol style="list-style-type: none">1. dass ein Pfandrecht ein streng akzessorisches Sicherungsrecht ist, d. h. dass es nur insoweit entsteht und Bestand hat, als die besicherten Ansprüche bestehen, und dass der Inhaber des Pfandrechts mit dem Inhaber des gesicherten Anspruchs identisch sein muss;2. dass der Gesellschaftsvertrag von Materia Deutschland Beschränkungen im Hinblick auf eine Übertragung oder Verpfändung von Geschäftsanteilen und Forderungen aus dem Gesellschaftsverhältnis enthalten kann;3. dass es außerhalb von § 16 Abs. 3 GmbHG keinen gutgläubigen Erwerbs eines Pfandrechts oder eines bestimmten Rangs für ein Pfandrecht gibt, d. h. dass der Pfandgläubiger nicht geschützt ist, wenn die verpfändeten Anteile nicht existieren oder vor Verpfändung an einen Dritten übertragen oder zugunsten eines Dritten belastet wurden;4. dass Materia Deutschland Leistungen auf mitverpfändete Forderungen aus dem Gesellschaftsverhältnis mit befreiender Wirkung an den Gesellschafter erbringen kann, solange ihr die Verpfändung nicht bekanntgeworden ist;5. dass die Beteiligten aufgrund zwingenden Rechts unabhängig von den getroffenen Vereinbarungen als Gesamtschuldner für die Notarkosten	<p>The notary pointed out,</p> <ol style="list-style-type: none">1. that a lien is a strictly accessory security interest, i.e. that it arises and endures only to the extent that the secured claims exist, and that the holder of the lien must be the same as the holder of the secured claim;2. that the memorandum and articles of association of Materia Deutschland may contain restrictions with regard to the transfer or pledge of shares and claims arising from the corporate relationship;3. that there is no bona fide acquisition of a pledge or a specific rank for a pledge outside of § 16 (3) GmbHG (German Act on Limited Liability Companies), i.e. that the Pledgee is not protected if the pledged shares do not exist or were transferred to a third party or encumbered in favour of a third party prior to the pledge;4. that Materia Deutschland may make payments to the shareholder in respect of co-pledged claims arising from the corporate relationship with discharging effect as long as it has not become aware of the pledge;5. that the parties involved are jointly and severally liable for the notary's fees on the basis of mandatory law, irrespective of the agreements made.
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AMENDMENT TO LOAN AGREEMENT

Amendment No. 1 dated January 10, , 2023 (the "**Amendment**") to the loan agreement dated November 24, 2022 and the promissory note dated December 9, 2022, each between 11157353 Canada Corp. dba Materia ("**Materia**"), and Alastair Crawford, (together with Materia, the "**Parties**", and each, a "**Party**").

WHEREAS, the Parties have entered into a loan agreement dated November 24, 2022 (the "**Main Loan Agreement**"); and

WHEREAS, pursuant to the terms of the Main Loan Agreement Alastair Crawford has extended Materia a Loan (as such term is defined in the Main Loan Agreement) in the amounts of €100,000 on October 28, 2022 (the "**First Tranche**") and €125,000 on November 24, 2022 (the "**Second Tranche**");

WHEREAS, the Parties also signed a Promissory Note (the "**Bedrocan Loan**") dated December 9, 2022, the terms of which govern a Main Debt of €22,875 with a defined Interest Amount and Repayment Date (as such terms Main Debt, Interest Amount and Repayment Date are defined in the Bedrocan Loan); and

WHEREAS, Alastair Crawford served Materia a Termination Notice (as such term is defined in the Main Loan Agreement) on December 23, 2022 related to the acquisition of Materia; and

WHEREAS, the Parties hereto desire to amend the Main Loan Agreement and the Bedrocan Loan to reflect certain changes to the terms of the Loan on the terms and subject to the conditions set forth herein; and

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Main Loan Agreement.
2. Alastair Crawford agrees to extend a further €67,000 loan (the "**January Loan**") to Materia which will be governed by the terms of the Main Loan Agreement, including forming part of the Security Interest (as defined by the Main Loan Agreement) and subject to the Interest Rate (as defined by the Main Loan Agreement).
3. The January Loan will be advanced on the Effective Date (defined below) of this Amendment and have a maturity date of April 30, 2023.
4. Amendments to the Main Loan Agreement. As of the Effective Date (defined below), the Main Loan Agreement is hereby amended or modified as follows:

(a) The repayment dates for the First Tranche and Second Tranche are each extended by 45 days from the earliest possible date of repayment pursuant to the terms of the Main Loan Agreement.

(b) All interest, fixed and ongoing, incurred until the date of this amendment shall convert to loan principal and be added to the principal sum on the date of this amendment (See Appendix A for calculation). After which, the interest terms described in section "Interest Rate" of the loan agreement shall apply.

(c) A five (5) percent fee shall be calculated as described in section 4.b and added to the principal as consideration for the extension of repayment dates.

5. Amendments to the Bedrocan Loan: As of the Effective Date (defined below), the Bedrocan Loan is hereby amended or modified as follows:

(a) The Repayment Date (as such term is defined in the Bedrocan Loan) is extended to March 17, 2023.

(b) All interest, fixed and ongoing, incurred until the date of this amendment shall convert to loan principal and be added to the principal sum on the date of this amendment (See Appendix A for calculation). After which, the interest terms described in section "Interest Rate" of the loan agreement shall apply.

(c) A five (5) percent fee shall be calculated as described in section 4.b and added to the principal as consideration for the extension of repayment dates.

6. Remedy:

(a) Background – In addition to this amendment, ELA and Reflourish have committed to financing €100,000 and €133,000 of Materia's Debtor-in-Possession ("DIP") financing, respectively.

(b) If ELA is unable to invest €100,000 alongside Reflourish then the interest and fee calculations in section 4.b, 4.c, 5.b and 5.c shall still apply however, the maturity dates shall revert to those that are stated in the original loan agreement. The January Loan, extended under this agreement, shall incur a twenty (20) percent fee and be payable, with interest, forty-five (45) calendar days from release of funds.

7. Date of Effectiveness; Limited Effect. This Amendment is effective as of the date hereof (the "**Effective Date**"). Except as expressly provided in this Amendment, all of the terms and provisions of the Main Loan Agreement and Bedrocan Loan are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Main Loan Agreement and Bedrocan Loan or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Effective Date, each reference in the Main Loan Agreement or Bedrocan Loan, as applicable, to "this Agreement," "the Agreement," "hereunder,"

"hereof," "herein," or words of like import will mean and be a reference to the Main Loan Agreement or Bedrocan Loan, as applicable as amended by this Amendment.

8. Representations and Warranties. Each Party hereby represents and warrants to the other Party that:

(a) It has all necessary corporate power and authority to enter into this Amendment and to perform its obligations hereunder and under each of the Main Loan Agreement and Bedrocan Loan as amended by this Amendment.

(b) The execution of this Amendment by the individual whose signature is set forth at the end of this Amendment on behalf of such Party, and the delivery of this Amendment by such Party, have been duly authorized by all necessary corporate action on the part of such Party.

(c) This Amendment has been executed and delivered by such Party and (assuming due authorization, execution, and delivery by the other Party hereto) constitutes the legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity.

9. Miscellaneous

(a) Governing Law. This Amendment is governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada, as applicable herein.

(b) Successors and Assigns. This Amendment is binding upon and shall enure to the benefit of the Parties hereto and their respective successors and assigns.

(c) Headings. The headings in this Amendment are for reference only and do not affect the interpretation of this Amendment.


(d) Counterparts. This Amendment may be executed in counterparts, each of which is deemed an original, but all of which together constitutes one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

(e) Entire Agreement. This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.


**11157353 CANADA CORP. dba
MATERIA**

By  _____

Name: Vijay Sappani

Title: Director

Alastair Crawford

By  _____

Name:

Title:

APPENDIX A:
Loan Value Calculations

<i>Daily Interest Rate*</i>	0.056%							
<i>Extension Penalty</i>	5%							
<i>All values in €, unless otherwise stated</i>	<u>Release Date</u>	<u>Value (€)</u>	<u>Loan Agmt. Conversion Date</u>	<u>Amendment Date</u>	<u>Repayment Date</u>	<u>Days Interest Incurred</u>	<u>New Principal incl. Interest</u>	<u>New Principal incl. Extension Penalty</u>
Prom Note - T1	28.10.22	100,000	24.11.22	10.01.23		47	102,611	107,742
Interest on Prom Note		20,000	24.11.22			47	20,522	21,548
Loan Agmt.- T2 (principal)	24.11.22	75,000		10.01.23		47	76,958	80,806
Loan Agmt.- T2 (escrow)	24.11.22	50,000			23.12.22**	29	806	846
Prom Note - Bedrocan	10.12.22	22,875	10.01.23	10.01.23		0	22,875	24,019
Interest on Prom Note		3,563	10.01.23			0	3,563	3,741
TOTAL		271,438					227,335	238,701

*Interest calculated on 360 days per annum.

**Escrow funds released back to Alastair Crawford on serving of Termination Notice.

THIS IS **EXHIBIT “M”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

PROMISSORY NOTE

This Agreement is made on the date of the last signature below.

11157353 Canada Corp. a company incorporated in Canada with registered number 1115735-3 whose registered office is at Unit 602, 109 Ossington Avenue, Toronto, M6J 2Z2 (**we or us**);

promises to pay

Alastair Crawford of 48 Lamont Road London SW10 0HX (**you**)
the sum of €22,875, (**Main Debt**) as specified below:

Repayment

1. We will repay the Main Debt amount herein plus, the higher of 50% of net profit from the sale of the 4kg of Bedrocan product or €3,562.5 (**Interest Amount**), on January 30, 2023 (**Repayment Date**).

Interest

1. Interest will be calculated on the unpaid balance of the Main Debt and Interest Amount, after the Repayment Date at a fixed daily interest rate of 0.167%.

Application of payments

2. Payments are to be applied to interest first and then to the Main Debt.

Prepayment

1. We may pay the unpaid balance of the Main Debt at any time.

Late / No payment

1. The full balance of the Main Debt and Interest Amount will become payable immediately, together with accrued interest, should we be late in making any payment due to you.

Collateral

1. We agree that until the Main Debt and Interest Amount is paid in full, this promissory note will be secured by the shares of Materia Deutschland GmbH (company no. HRB 152716), as referred set out in the existing Pledge Agreement (Notarial Register of Deeds no. 2195/2022 Le), signed on November 24th, 2022 and set out in "Schedule A".

Lawyers' fees and court costs

1. We are responsible for your lawyers' fees and court costs associated with the enforcement of this agreement, should we fail to fulfil the terms of this agreement.

Governing law and jurisdiction

1. This Agreement shall be governed by and interpreted according to the law of Canada and all disputes arising under the Agreement (including non-contractual disputes or claims) shall be subject to the exclusive jurisdiction of the Ontario courts.

Variations

1. This agreement cannot be varied by us, without your prior written acceptance.

Entire agreement

1. This agreement constitutes the entire agreement between us and overrides other oral or written agreements entered into, concerning this subject matter.

The parties have signed this Agreement the date(s) below:



Alastair Crawford

09/12/2022

Date of signature



Vijay Sappani for and on behalf of 11157353 Canada Corp.

09/12/2022

Date of signature

THIS IS **EXHIBIT “N”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

Dr. MALTE IVO
Dr. JENS-OLAF LENSCHOW, LL.M.(Columbia)
Dr. JAN-THOMAS OSKIERSKI, LL.M.(Cambridge)

Urkundenverzeichnis-Nummer /
Notarial Register of deeds no. 2195/2022 Le

Notare / Notaries

Neuer Wall 43 - 20354 Hamburg
Tel: 040 / 36 98 99 - 0
Fax: 040 / 37 23 06
notare@nw-43.de
www.notare-nw43.de

**Verhandelt in dieser
Freien und Hansestadt Hamburg
am Donnerstag, dem 24.
(vierundzwanzigsten) November
2022 (zweitausendzweiundzwanzig)**

**Vor mir, Malte Lassen als
amtlich bestelltem Vertreter
des Hamburgischen Notars**

Dr. Jens-Olaf Lenschow

**Recorded in this
Free and Hanseatic City of Hamburg
on Thursday, the 24th (twenty fourth)
of November
2022 (two thousand twenty two)**

**Before me, Malte Lassen in my capacity
as official representative of the Notary
Public of this Free and Hanseatic City of
Hamburg,**

Dr. Jens-Olaf Lenschow

erschieden heute in dessen Amtszimmer Neuer Wall 43, 20354 Hamburg:

1. Herr Nick **P a t e r a s** ,
geb. am 25. August 1990,
wohnhaft: 34 Patio Close, Clarence Avenue, London, United Kingdom SW4 8JE,
ausgewiesen durch griechischen Pass,

handelnd nicht für sich persönlich, sondern aufgrund Vollmacht vom 23.11.2022 für

11157353 Canada Corp. mit Sitz in Toronto, eingetragen im Gesellschaftsregister von Kanada unter der Gesellschaftsnummer 1115735-3 und der Geschäftsnummer 720089689RC0001.

Die Vollmacht lag bei Beurkundung in Kopie vor. Der Handelnde versichert, diese unverzüglich im Original zu Händen des Notars nachzureichen.

2. Herr Alastair **C r a w f o r d** ,
geb. am 27. Januar 1969,
geschäftsansässig: 48 Lamont Road, London, United Kingdom SW10 0HX
ausgewiesen durch britischen Pass.

Die Erschiedenen erklärten zu meinem Protokoll:

appeared today in his office at Neuer Wall 43, 20354 Hamburg:

1. Mr. Nick **P a t e r a s** ,
born on August 25, 1990,
residing: 34 Patio Close, Clarence Avenue, London, United Kingdom SW4 8JE,
identified by greek Passport,

acting not own his own behalf but on the basis of a power of attorney dated November 23, 2022 for

11157353 Canada Corp. with its registered office in Toronto, registered with the Companies Registry of Canada under company number 1115735-3 and business number 720089689RC0001.

A copy of the power of attorney was available at the time of notarization. The acing person assures to submit its original after completion of the notarization without undue delay for the attention of the notary. The notary shall take the original to the deed.

2. Herr Alastair **C r a w f o r d** ,
born on January 27, 1969
residing: 48 Lamont Road, London, United Kingdom SW10 0HX
identified by british Passport.

The persons appeared declared for my record:

Verpfändungsvertrag	Pledge agreement
<p>Zwischen:</p> <p>11157353 Canada Corp. mit Sitz in Toronto, eingetragen im Gesellschaftsregister von Kanada unter der Gesellschaftsnummer 1115735-3 und der Geschäftsnummer 720089689RC0001</p> <p>nachfolgend „Verpfänder“ genannt</p> <p>und der Alastair Crawford of 48 Lamont Road, London, United Kingdom SW10 0HX</p> <p>nachfolgend „Pfandgläubiger“ genannt</p>	<p>Between:</p> <p>11157353 Canada Corp. with its registered office in Toronto, registered with the Companies Registry of Canada under company number 1115735-3 and business number 720089689RC0001</p> <p>hereinafter referred to as the „Pledgor“</p> <p>and Alastair Crawford of 48 Lamont Road, London, United Kingdom SW10 0HX</p> <p>hereinafter referred to as „Pledgee“</p>
<p>Vorbemerkungen</p> <p>1. Am Stammkapital der Materia Deutschland GmbH mit Sitz in Hamburg, eingetragen im Handelsregister des Amtsgerichts Hamburg unter HRB 152716, (nachfolgend auch: „Materia Deutschland“ genannt) zu insgesamt €25.000 ist der Verpfänder als alleiniger Gesellschafter der Gesellschaft wie folgt beteiligt:</p> <p>a) 22.500 Geschäftsanteile im Nennbetrag von je €1 (Geschäftsanteile Nrn. 1 bis 22.500).</p> <p>b) 2.500 Geschäftsanteile im Nennbetrag von je €1 (Geschäftsanteile Nrn. 22.501 bis 25.000).</p> <p>Die Stammeinlagen sind jeweils in voller Höhe in bar eingezahlt, eine Nachschusspflicht besteht nicht.</p>	<p>Preliminary remarks</p> <p>1. In the share capital of Materia Deutschland GmbH with its registered office in Hamburg, registered in the Commercial Register of the Local Court of Hamburg under HRB 152716, (hereinafter also referred to as: „Materia Deutschland“) for a total of €25,000, the Pledgor, as the sole shareholder of the Company, has the following shareholdings:</p> <p>a) 22,500 shares with a nominal value of €1 each (shares no. 1 to 22,500).</p> <p>b) 2,500 shares with a nominal value of €1 each (shares no. 22,501 to 25,000).</p> <p>The capital contributions are paid up in full in cash; there is no obligation to make additional contributions.</p>

<p>2. Der Pfandgläubiger und der Verpfänder haben am heutigen Tage einen Darlehnsvertrag über eine Darlehenssumme von bis zu €400.000 abgeschlossen (nachfolgend „Darlehnsvertrag“ genannt). Die Gewährung des Darlehns durch den Pfandgläubiger steht unter dem Vorbehalt des Abschlusses dieses Verpfändungsvertrages.</p>	<p>2. The Pledgee and the Pledgor have entered into a loan agreement today for a total loan amount of up to €400,000 (hereinafter referred to as the „Loan Agreement“). The granting of the Loan by the Pledgee is subject to the conclusion of this Pledge Agreement.</p>
<p style="text-align: center;">§ 1</p> <p style="text-align: center;">Verpfändung der Geschäftsanteile sowie weiterer Rechte</p> <p>(1) Der Verpfänder verpfändet hiermit dem Pfandgläubiger die vorstehend unter Ziffer 1. genannten Geschäftsanteile im Nennbetrag von insgesamt €25.000 sowie alle zukünftigen Geschäftsanteile an Materia Deutschland, die er nach Abschluss dieser Vereinbarung erwirbt (zusammen nachfolgend auch die „verpfändeten Geschäftsanteile“).</p> <p>Mitverpfändet werden:</p> <p>a) alle mit den verpfändeten Geschäftsanteilen verbundenen gegenwärtigen oder zukünftigen Ansprüche auf Auseinandersetzungsguthaben, Abfindungsansprüche aufgrund von Einziehung, Ansprüche auf Rückzahlung von Stammkapital im Falle von Kapitalherabsetzungen, Ansprüche auf Rückbezahlung von einbezahlten Nachschüssen, soweit sie nicht zur Deckung des Verlustes von Stammkapital erforderlich sind, Ansprüche</p>	<p style="text-align: center;">§ 1</p> <p style="text-align: center;">Pledging of shares and other rights</p> <p>(1) The Pledgor hereby pledges to the Pledgee the Shares referred to in Clause 1 above in the aggregate principal amount of €25,000 and any future shares in Materia Deutschland which it acquires after entering into this Agreement (together hereinafter also referred to as the „Pledged Shares“).</p> <p>Also pledged are:</p> <p>a) all present or future claims associated with the pledged shares to settlement credits, claims to compensation due to redemption, claims to repayment of share capital in the event of capital reductions, claims to repayment of paid-in additional capital contributions insofar as they are not required to cover the loss of share capital, claims to compensation in the event of termination or withdrawal from the company, claims to a</p>

<p>auf Entschädigung im Falle einer Kündigung bzw. eines Austritts aus der Gesellschaft, Ansprüche auf einen Überschuss im Falle einer Preisgabe;</p> <p>b) alle gegenwärtigen oder zukünftigen Ansprüche auf Ausschüttung von Gewinnen auf die verpfändeten Geschäftsanteile;</p> <p>c) alle Bezugsrechte auf nach Abschluss dieses Vertrages ausgegebene Geschäftsanteile sowie</p> <p>d) alle sonstigen mit den verpfändeten Geschäftsanteilen verbundenen geldwerten Ansprüche und Rechte.</p> <p>(2) Aufgrund der Verpfändung nach diesem Vertrag erwirbt der Pfandgläubiger ein Pfandrecht an jedem einzelnen der nach diesem Vertrag verpfändeten Geschäftsanteile und Rechte. Die Pfandrechte haben untereinander den gleichen, ersten Rang.</p> <p>(3) Die Geschäftsanteile und Rechte, an denen nach diesem § 1 (1) Pfandrechte bestellt werden, werden zusammenfassend nachfolgend auch als „Sicherheiten“ bezeichnet. Die nach diesem § 1 bestellten Pfandrechte werden zusammenfassend nachfolgend auch als „Pfandrechte“ bezeichnet.</p>	<p>surplus in the event of a price surrender;</p> <p>b) all present or future claims to distribution of profits on the pledged shares;</p> <p>c) all subscription rights to shares issued after the conclusion of this agreement, and</p> <p>d) all other pecuniary claims and rights associated with the pledged shares.</p> <p>(2) By virtue of the pledge under this Agreement, the Pledgee shall acquire a lien on each of the shares and rights pledged under this Agreement. The liens have the same, first rank among themselves.</p> <p>(3) The shares and rights in respect of which liens are created pursuant to this § 1 (1) are hereinafter collectively also referred to as „Securities“. The liens created in accordance with this § 1 are also collectively referred to below as „Liens“</p>
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<p style="text-align: center;">§ 2 Sicherungszweck</p>	<p style="text-align: center;">§ 2 Security purpose</p>
<p>(1) Die Verpfändung der Sicherheiten dient der Besicherung aller gegenwärtig bestehenden und zukünftigen, auch bedingten oder befristeten Ansprüche, die dem Pfandgläubiger aus dem Darlehnsvertrag in seiner jeweils geltenden Fassung, einschließlich aller nachträglichen Ergänzungen, Änderungen oder Erweiterungen (einschließlich Erhöhungen des Darlehensbetrags) zustehen sowie einschließlich aller Zinsen, Kosten und sonstiger Auslagen, die dem Pfandgläubiger im Zusammenhang mit der Wahrung oder der Durchsetzung seiner Rechte unter dem Darlehnsvertrag und der Verwertung der nach diesem Verpfändungsvertrag gewährten Sicherheiten entstehen (nachfolgend „gesicherte Ansprüche“ genannt). Die Verpfändung bleibt unverändert bestehen, wenn die Laufzeit des Kreditvertrages oder der gesicherten Ansprüche ein- oder mehrmals verlängert oder verkürzt oder der Zinssatz ein- oder mehrmals geändert wird.</p> <p>(2) Die Pfandrechte dienen neben anderen bestellten Sicherungsrechten als zusätzliche Sicherung für die hier nach gesicherten Ansprüche, ohne das damit die sonstigen Sicherungsrechte in irgendeiner Form eingeschränkt würden.</p>	<p>(1) The pledge of the securities serves to secure all present and future claims, including conditional or limited claims, to which the Pledgee is entitled under the Loan Agreement as amended from time to time, including any subsequent amendments, modifications or extensions (including increases in the Loan Amount), and including all interest, costs and other expenses incurred by the Pledgee in connection with the preservation or enforcement of its rights under the Loan Agreement and the realization of the Securities granted under this Pledge Agreement (the „Secured Claims“). The pledge shall remain unchanged if the term of the Loan Agreement or the Secured Claims is extended or shortened one or more times or the interest rate is changed one or more times.</p> <p>(2) The Liens shall serve as additional security for the claims secured hereunder in addition to other security interests provided, without restricting the other security interests in any way.</p>

<p style="text-align: center;">§ 3 Gewinnverwendung, Rechte aus den Sicherheiten</p>	<p style="text-align: center;">§ 3 Appropriation of profits, rights from the securities</p>
<p>(1) Solange keines der unten in Abs. 3 lit. a) und b) beschriebenen Ereignisse eingetreten ist, ist der Verpfänder zum Empfang und zur Einbehaltung sämtlicher in Bezug auf die verpfändeten Geschäftsanteile ausgekehrten Gewinnausschüttungen in bar berechtigt.</p> <p>(2) Sachausschüttungen sowie Leistungen, welche der Verpfänder als Gegenleistung für die Sicherheiten empfängt, sind dem Pfandgläubiger als zusätzliche Sicherheit hierunter zu bestellen. Falls der Verpfänder Leistungen empfängt, welche er an den Pfandgläubiger als zusätzliche Sicherheit hierunter zu bestellen hat, wird er diese jeweils als Treuhänder für den Pfandgläubiger von seinem übrigen Vermögen getrennt halten und an den Pfandgläubiger so herausgeben, wie er sie jeweils empfangen hat. Außerdem wird er die für die Übertragung erforderlichen Handlungen vornehmen.</p> <p>(3) Falls und solange</p> <p>a) die durch diesen Verpfändungsvertrag gesicherten Ansprüche ganz oder zum Teil fällig geworden sind und nicht innerhalb der im Darlehnsvertrag vereinbarten Frist bezahlt werden,</p> <p>oder falls</p>	<p>(1) As long as none of the events described in para. 3 lit. a) and b) below have occurred, the Pledgor shall be entitled to receive and retain in cash all profit distributions distributed in respect of the pledged shares.</p> <p>(2) Distributions in kind as well as benefits which the Pledgor receives as consideration for the Securities shall be provided to the Pledgee as additional security hereunder. If the Pledgor receives any benefits which it is required to provide to the Pledgee as additional security hereunder, it shall keep each such benefit separate from its other assets as trustee for the Pledgee and shall deliver such benefit to the Pledgee as he received it. He shall also do such acts as may be necessary for the transfer.</p> <p>(3) If and as long as</p> <p>a) the claims secured by this pledge agreement have become due in whole or in part and are not paid within the period agreed in the Loan Agreement,</p> <p>or if</p>

<p>b) der Verpfänder zahlungsunfähig wird oder falls ein Insolvenzverfahren über das Vermögen des Verpfänders eröffnet wird, oder der Verpfänder ein solches Verfahren beantragt hat, oder wenn ein Dritter die Eröffnung eines solchen Verfahrens beantragt und dieser Antrag weder rechtsmissbräuchlich ist noch binnen einer Frist von einer Woche nach Antragstellung wieder zurückgenommen oder trotz hinreichender Masse abgewiesen wird,</p> <p>erlischt das Recht des Verpfänders, Gewinnausschüttungen in bar zu beziehen, zu deren Empfang er gemäß vorstehendem Abs. 1 berechtigt ist, ab dem jeweiligen vorgenannten Zeitpunkt. Ab diesem Zeitpunkt ist ausschließlich der Pfandgläubiger zum Bezug von Gewinnausschüttungen berechtigt.</p> <p>(4) Der Verpfänder ist berechtigt, die mit den verpfändeten Geschäftsanteilen verbundenen Gesellschafterrechte, insbesondere das Stimmrecht, selbst auszuüben. Der Pfandgläubiger wird sich insoweit jeder Weisung enthalten. Der Verpfänder ist jedoch bis zur unwiderruflichen vollständigen Zahlung und Erfüllung der gesicherten Ansprüche oder Freigabe der verpfändeten Sicherheiten verpflichtet, bei Ausübung seiner Stimmrechte stets nach Treu und Glauben zu handeln, um sicherzustellen, dass der Wert der Sicherheiten und die Wirksamkeit oder Durchsetzbarkeit der</p>	<p>b) the Pledgor becomes insolvent or if insolvency proceedings are opened against the assets of the Pledgor, or the Pledgor has applied for such proceedings, or if a third party applies for the opening of such proceedings and this application is neither abusive of rights nor withdrawn again within a period of one week after the application has been made or is rejected despite sufficient assets,</p> <p>the Pledgee's right to receive profit distributions in cash, which he is entitled to receive pursuant to the preceding para. 1, shall expire as of the respective aforementioned point in time. From this point in time, only the Pledgee is entitled to receive profit distributions.</p> <p>(4) The Pledgor is entitled to exercise the shareholder rights associated with the Pledged Shares himself, in particular the voting right. The Pledgee shall refrain from issuing any instructions in this respect. However, until irrevocable payment in full and satisfaction of the Secured Claims or release of the pledged Securities, the Pledgor is obliged to act in good faith at all times when exercising its voting rights in order to ensure that the value of the Securities and the effectiveness or enforceability of the Liens are not impaired in any way.</p>
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<p>Pfandrechte in keiner Weise beeinträchtigt werden.</p> <p>(5) Zur Klarstellung wird festgehalten, dass der Verpfänder über die Ansprüche auf Liquidationserlös oder Abfindung anstelle der Geschäftsanteile auch vor Eintritt der Berechtigung zur Verwertung (siehe § 4) nicht verfügungsbefugt ist. Die aus diesen Ansprüchen resultierenden Zahlungen sind an den Pfandgläubiger auf ein Escrow-Konto zu leisten, das für die Dauer der Verpfändung gesperrt ist.</p>	<p>(5) For the avoidance of doubt, it is stated that the Pledgor shall not be entitled to dispose of the claims to liquidation proceeds or compensation in lieu of the shares, even prior to the occurrence of the entitlement to realisation (see § 4). The payments resulting from these claims are to be made to the Pledgee into an escrow account which is blocked for the duration of the pledge.</p>
<p style="text-align: center;">§ 4 Verwertung der Sicherheiten</p> <p>(1) Der Pfandgläubiger ist berechtigt, die mit diesem Verpfändungsvertrag verpfändeten Sicherheiten zu verwerten, wenn ein „Event of Default“ im Sinne des Darlehensvertrages eintritt (nachfolgend „Verwertungsfall“ genannt). Die Anwendbarkeit von § 1277 BGB wird ausgeschlossen, so dass zur Verwertung der verpfändeten Sicherheiten kein vollstreckbarer Titel erforderlich ist. Die Verwertung der verpfändeten Sicherheiten ist erst dann zulässig, nachdem der Verpfänder die Verwertung der Sicherheiten unter Setzung einer Frist von zwei Wochen angedroht hat und diese Frist abgelaufen ist. Der Androhung und Fristsetzung bedarf es jedoch nicht, wenn der Verpfänder zahlungsunfähig geworden ist oder über das Vermögen des Verpfänders ein Insolvenzverfahren eröffnet worden ist; Gleiches gilt, wenn der Verpfänder</p>	<p style="text-align: center;">§ 4 Realisation of Securities</p> <p>(1) The Pledgee shall be entitled to realise the Securities pledged under this pledge agreement if an „Event of Default“ within the meaning of the Loan Agreement occurs (hereinafter referred to as „Realisation Event“). The applicability of § 1277 BGB (German Civil Code) is excluded, so that no enforceable title is required for the realisation of the pledged Securities. The realisation of the pledged Securities is only permissible after the Pledgor has threatened the realisation of the Securities by setting a deadline of two weeks and this deadline has expired. However, the threat and the setting of a time limit shall not be required if the Pledgor has become insolvent or if insolvency proceedings have been opened against the assets of the Pledgor; the same shall apply if the Pledgor has applied for the opening of insolvency proceedings or if a</p>

<p>die Eröffnung eines Insolvenzverfahrens beantragt hat oder wenn ein Dritter die Eröffnung eines solchen Verfahrens beantragt hat und dieser Antrag weder rechtsmissbräuchlich ist noch binnen einer Frist von einer Woche nach Antragstellung wieder zurückgenommen oder trotz hinreichender Masse abgewiesen wird.</p>	<p>third party has applied for the opening of such proceedings and this application is neither abusive in law nor is it withdrawn again within a period of one week after the application has been made or is rejected despite sufficient assets.</p>
<p>(2) Im Verwertungsfall ist der Pfandgläubiger bei Vorliegen der übrigen im vorstehenden Abs. 1 geschilderten Voraussetzungen berechtigt,</p> <p>a) die nach diesem Vertrag verpfändeten Geschäftsanteile (oder Teile davon) durch öffentliche Versteigerung an jedem von dem Pfandgläubiger bestimmten Ort oder, falls ein Markt- oder Börsenpreis besteht, nach seiner Wahl durch freihändigen Verkauf zu verwerten, ohne dass es einer weiteren Androhung in Bezug auf die Versteigerung oder den Verkauf bedarf;</p> <p>b) sämtliche Unterlagen von dem Verpfänder über die Sicherheiten herauszuverlangen;</p> <p>c) alle sonstigen rechtlich zulässigen Handlungen vorzunehmen, die notwendig oder zweckmäßig sind, um die nach diesem Verpfändungsvertrag von dem Verpfänder bestellten Sicherungsrechte zu verwerten, soweit diese nicht</p>	<p>(2) In the Realisation Event, the Pledgee shall, if the other preconditions described in para. 1 above are fulfilled, be entitled to,</p> <p>a) realise the shares (or parts thereof) pledged under this agreement by public auction at any place designated by the Pledgee or, if a market or stock exchange price exists, by private sale at the Pledgee's option, without the need for any further notice with respect to the auction or sale;</p> <p>b) to demand all documents from the Pledgor concerning the Securities;</p> <p>c) to take all other legally permissible actions which are necessary or expedient in order to realise the security interests created by the Pledgor under this pledge agreement, insofar as these are not already mentioned under a) and b).</p>

<p>bereits unter lit. a) und b) genannt sind.</p> <p>Die vorstehenden Bestimmungen gelten vorbehaltlich zwingender Vorschriften der Insolvenzordnung.</p> <p>(3) Die Ansprüche auf Gewinnausschüttungen, Abfindung und Liquidationserlös und sonstige Zahlungsansprüche wird der Pfandgläubiger durch Einziehung verwerten. Der Pfandgläubiger ist für diese Zwecke berechtigt, Materia Deutschland von der Durchführung der Verwertung zu informieren.</p> <p>(4) Die angemessenen Kosten der Verwertung der nach diesem Verpfändungsvertrag gewährten Sicherheiten trägt der Verpfänder.</p> <p>(5) Der Pfandgläubiger wird eine Verwertung nur in dem Umfang vornehmen, als dies zur Befriedigung der rückständigen gesicherten Ansprüche erforderlich ist. Der bei der Verwertung der Sicherheiten erzielte Erlös – abzüglich etwaiger Umsatzsteuer – wird zuerst zur Begleichung der im Zusammenhang mit der Verwertung entstehenden Kosten und Auslagen verwandt. Der danach verbleibende Erlös wird entsprechend der gesetzlich vorgesehenen Befriedigungsreihenfolge verwandt. Einen etwa noch verbleibenden Überschuss wird der Pfandgläubiger an den Verpfänder – bzw. soweit der Pfandgläubiger zur Herausgabe an einen Dritten verpflichtet</p>	<p>The above provisions shall apply subject to mandatory provisions of the German Insolvency Code.</p> <p>(3) The Pledgee shall realise the claims to profit distributions, compensation and liquidation proceeds and other payment claims by way of collection. For these purposes, the Pledgee is entitled to inform Materia Deutschland of the execution of the realization.</p> <p>(4) The reasonable costs of realising the Securities granted under this pledge agreement shall be borne by the Pledgor.</p> <p>(5) The Pledgee shall realise the Securities only to the extent necessary to satisfy the outstanding Securities. The proceeds from the realisation of the Securities - less any value added tax - shall first be used to pay the costs and expenses incurred in connection with the realisation. The remaining proceeds shall be applied in accordance with the order of satisfaction provided for by law. Any remaining surplus shall be surrendered by the Pledgee to the Pledgor - or, if the Pledgee is obliged to surrender to a third party, to such third party - at the expense of the Pledgor.</p>
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<p>ist, an diesen – auf Kosten des Verpfänders herausgeben.</p> <p>(6) Der Verpfänder ist verpflichtet, auf eigene Kosten alle Erklärungen abzugeben und Handlungen vorzunehmen, die zur Realisierung der nach diesem Verpfändungsvertrag bestellten Pfandrechte erforderlich sind.</p>	<p>(6) The Pledgor is obliged to make all declarations and take all actions at his own expense which are necessary for the realisation of the Liens created under this pledge agreement.</p>
<p style="text-align: center;">§ 5 Überprüfungsrecht</p> <p>(1) Der Pfandgläubiger ist jederzeit berechtigt, während der üblichen Geschäftszeiten alle Informationen, Aufzeichnungen und Schriftstücke einzusehen und zu vervielfältigen, deren Kenntnis notwendig oder zweckmäßig ist, um die nach diesem Verpfändungsvertrag gewährten Pfandrechte überprüfen oder geltend machen zu können.</p> <p>(2) Falls ein Dritter Zugang zu Informationen, Aufzeichnungen oder Schriftstücken hat, die notwendig oder zweckmäßig sind, um die nach diesem Verpfändungsvertrag gewährten Pfandrechte zu überprüfen oder geltend zu machen, bevollmächtigt der Verpfänder den Pfandgläubiger bereits hiermit unwiderlich, sich diese Informationen, Aufzeichnungen und Schriftstücke im Namen des Verpfänders aushändigen zu lassen. Der Pfandgläubiger wird den Verpfänder über solche Vorgänge unverzüglich unterrichten.</p>	<p style="text-align: center;">§ 5 Right of review</p> <p>(1) The Pledgee shall be entitled at any time during normal business hours to inspect and copy any information, records and documents knowledge of which is necessary or expedient to enable it to verify or enforce the Liens granted under this pledge agreement.</p> <p>(2) If a third party has access to information, records or documents which are necessary or expedient in order to verify or assert the Liens granted under this pledge agreement, the Pledgor hereby already irrevocably authorises the Pledgee to have such information, records and documents handed over to him on behalf of the Pledgor. The Pledgee shall promptly notify the Pledgor of any such transactions.</p>

<p>(3) Der Verpfänder wird fortlaufend alle Informationen, Aufzeichnungen und Schriftstücke auf dem neuesten Stand halten, soweit sie sich auf die nach diesem Verpfändungsvertrag bestellten Pfandrechte beziehen.</p>	<p>(3) The Pledgor shall keep continuously updated all information, records and documents insofar as they relate to the Liens created under this pledge agreement.</p>
<p style="text-align: center;">§ 6 Verpflichtungen des Verpfänders</p> <p>Solange nach diesem Verpfändungsvertrag gesicherte Ansprüche ausstehen, bzw. entstehen können, ist der Verpfänder verpflichtet,</p> <p>a) nicht über die Sicherheiten zu verfügen, ohne die vorherige schriftliche Zustimmung des Pfandgläubigers keine anderen Sicherungsrechte oder Rechte Dritter an den Sicherheiten zu bestellen oder solchen Rechten zuzustimmen sowie ferner keine Handlungen vorzunehmen oder zu unterlassen, die darauf gerichtet sind oder zur Folge haben können, dass die Sicherheiten oder die in diesem Vertrag an den Sicherheiten bestellten Pfandrechte nicht mehr bestehen oder in irgendeiner Weise belastet sind, die in diesem Vertrag nicht vorgesehen ist;</p> <p>b) unverzüglich alle Zahlungen vorzunehmen, die er jeweils der Materia Deutschland oder einem Dritten im Hinblick auf die verpfändeten Sicherheiten oder im Zusammenhang damit schuldet sowie sicherzustellen, dass sämtliche zukünftigen Geschäftsanteile vollständig einbezahlt werden und keine Nachschusspflicht in Bezug auf die zukünftigen Geschäftsanteile besteht;</p>	<p style="text-align: center;">§ 6 Obligations of the pledgor</p> <p>As long as secured claims are outstanding or may arise under this pledge agreement, the Pledgor shall,</p> <p>(a) not dispose of the Securities, not create or consent to any other security interest or third party interest in the Securities without the prior written consent of the Pledgee, and not do or refrain from doing any act which would or might cause the Securities or any lien created on the Securities under this agreement to cease to exist or to be encumbered in any manner not provided for in this agreement;</p> <p>b) promptly make all payments due from time to time to Materia Deutschland or any third party in respect of or in connection with the pledged Securities and to ensure that all future shares are fully paid up and that there is no obligation to make additional payments in respect of the future shares;</p>

<p>c) dem Pfandgläubiger so schnell als möglich, jedenfalls aber wenigstens 5 Werktage zuvor, Änderungen seiner jeweiligen Anschrift schriftlich anzuzeigen;</p>	<p>c) notify the Pledgee in writing of any change of address as soon as possible, but in any event at least 5 working days in advance;</p>
<p>d) dem Pfandgläubiger unverzüglich alle zukünftig gehaltenen Geschäftsanteile schriftlich anzuzeigen;</p>	<p>d) immediately notify the Pledgee in writing of all future shares held;</p>
<p>e) dem Pfandgläubiger unverzüglich anzuzeigen, wenn die Rechte des Pfandgläubigers an den Sicherheiten durch Pfändung oder sonstige Maßnahmen Dritter wesentlich beeinträchtigt oder gefährdet werden. Im Falle einer Pfändung ist der Verpfänder verpflichtet, dem Pfandgläubiger unverzüglich eine Abschrift des Pfändungsbeschlusses, des Überweisungsbeschlusses und aller sonstigen für die Abwehr der Pfändung erforderlichen Dokumente zu übermitteln. Der Verpfänder ist verpflichtet, den pfändenden Gläubiger unverzüglich von den Rechten des Pfandgläubigers an den Sicherheiten in Kenntnis zu setzen. Kosten oder Auslagen für alle Interventionsmaßnahmen trägt der Pfandgläubiger; und</p>	<p>e) notify the Pledgee without undue delay if the Pledgee's rights to the Securities are materially impaired or endangered by attachment or other measures taken by third parties. In the event of an attachment, the Pledgor is obliged to immediately provide the Pledgee with a copy of the attachment order, the transfer order and all other documents required for the defence against the attachment. The Pledgor shall immediately notify the attaching creditor of the Pledgee's rights in the Securities. Costs or expenses of any intervention measures shall be borne by the Pledgee; and</p>
<p>f) den Pfandgläubiger unverzüglich schriftlich über jede Gesellschafterversammlung in Kenntnis zu setzen, auf der ein Beschluss vorgeschlagen wird, der sich voraussichtlich wesentlich nachteilig auf die Pfandrechte oder die Sicherheiten auswirken würde, und dem Pfandgläubiger</p>	<p>f) notify the Pledgee without undue delay in writing of any shareholders' meeting at which a resolution is proposed which would be likely to have a material adverse effect on the Liens or the Securities and to allow the Pledgee or its representative to attend the shareholders' meeting. As</p>

<p>oder seinem Vertreter die Teilnahme an der Gesellschafterversammlung zu gestatten. Ab Eintritt eines Verwertungsfalles ist der Verpfänder verpflichtet, den Pfandgläubiger unverzüglich unter Übersendung der Tagesordnung über jede Gesellschafterversammlung in Kenntnis zu setzen und dem Pfandgläubiger oder einem Vertreter des Pfandgläubigers die Teilnahme an der Gesellschafterversammlung zu gestatten.</p>	<p>of the occurrence of an enforcement event, the Pledgor is obliged to notify the Pledgee without undue delay of any shareholders' meeting, sending the agenda, and to allow the Pledgee or a representative of the Pledgee to attend the shareholders' meeting.</p>
<p style="text-align: center;">§ 7 Garantien des Verpfänders</p> <p>(1) Der Verpfänder garantiert, dass</p> <p>a) die Angaben in den Vorbemerkungen dieses Verpfändungsvertrages richtig und vollständig sind und er der rechtmäßige Inhaber der nach diesem Vertrag verpfändeten Geschäftsanteile ist und diese Geschäftsanteile nicht mit anderen Pfandrechten oder sonstigen Sicherungsrechten zugunsten Dritter belastet sind, und zwar gleich welcher Art;</p> <p>b) Materia Deutschland rechtswirksam besteht und weder zahlungsunfähig oder überschuldet noch Gegenstand eines Insolvenzverfahrens ist;</p> <p>c) er keiner Beschränkung hinsichtlich der Übertragung oder Verpfändung der Geschäftsanteile oder anderweitigen Verfügung hierüber oder</p>	<p style="text-align: center;">§ 7 Guarantees of the Pledgor</p> <p>(1) The Pledgor guarantees that</p> <p>a) the information in the preliminary remarks of this pledge agreement is correct and complete and he is the legal owner of the shares pledged under this agreement and these shares are not encumbered with other liens or other security interests in favour of third parties of any kind whatsoever;</p> <p>b) Materia Deutschland legally exists and is neither insolvent or over-indebted nor subject to insolvency proceedings;</p> <p>(c) he is not subject to any restriction on the transfer or pledge or other disposition of the shares or on the right to receive distributions of profits</p>

<p>des Rechts auf Erhalt von Gewinnausschüttungen oder anderen Auskehrungen in Bezug auf die Geschäftsanteile unterliegt;</p> <p>d) keine Gesellschafterbeschlüsse der Materia Deutschland zur Änderung des Gesellschaftsvertrages gefasst wurden, die noch nicht im Handelsregister vollzogen sind; und</p> <p>e) weder stille Beteiligungen noch sonstige Vereinbarungen bestehen, die einem Dritten Rechte am Gewinn der Materia Deutschland gewähren.</p> <p>(2) Sollten Garantien gemäß Absatz 1 ganz oder teilweise unrichtig sein, wird der Verpfänder den Pfandgläubiger so stellen, wie dieser stünde, wenn die abgegebene Garantie richtig gewesen wäre. Der vorgenannte Anspruch erfordert kein Verschulden seitens des Verpfänders.</p>	<p>or other distributions in respect of the shares;</p> <p>d) no shareholders' resolutions of Materia Deutschland have been passed to amend the Memorandum and Articles of Association which have not yet been executed in the Commercial Register; and</p> <p>e) neither dormant holdings nor other agreements exist which grant a third party rights to the profits of Materia Deutschland.</p> <p>(2) If guarantees under para. (1) are wholly or partly incorrect, the Pledgor shall place the Pledgee in the position he would have been in if the guarantee given had been correct. The aforementioned claim does not require any fault on the part of the Pledgor</p>
<p style="text-align: center;">§ 8 Dauer</p> <p>(1) Dieser Vertrag begründet eine fortdauernde Besicherung und Änderungen oder Zusätze irgendeiner Art zu dem Darlehnsvertrag oder die Freigabe einer Sicherheit berühren die Wirksamkeit oder den Umfang dieses Vertrages nicht.</p> <p>(2) Dieser Vertrag bleibt bis zur vollständigen unwiderruflichen Erfüllung der gesicherten Ansprüche</p>	<p style="text-align: center;">§ 8 Duration</p> <p>(1) This agreement creates a continuing security interest and amendments or additions of any kind to the Loan Agreement or the release of any security shall not affect the validity or scope of this agreement.</p> <p>(2) This agreement shall remain in full force and effect until the secured claims have been irrevocably</p>

<p>uneingeschränkt wirksam und in Kraft. Die Pfandrechte erlöschen nicht, wenn eine Zahlung zur Befriedigung der gesicherten Ansprüche diese nur vorübergehend zum Erlöschen bringt.</p>	<p>satisfied in full. The Liens shall not be extinguished if a payment in satisfaction of the secured claims only temporarily extinguishes them.</p>
<p style="text-align: center;">§ 9 Sicherheitenfreigabe</p> <p>Nach endgültiger und unwiderruflicher Erfüllung der durch diese Verpfändung gesicherten Ansprüche erlöschen die Pfandrechte von Gesetzes wegen. Der Pfandgläubiger hat auf Verlangen des Verpfänders diesem zu bestätigen, dass die Pfandrechte erloschen sind und zu erklären, dass die Sicherheiten freigeben sind. Dies gilt nicht, wenn die Pfandrechte kraft Gesetzes auf einen anderen übergehen.</p>	<p style="text-align: center;">§ 9 Security Release</p> <p>After final and irrevocable fulfilment of the claims secured by this pledge, the Liens shall expire by operation of law. At the Pledgor's request, the Pledgee shall confirm to the Pledgor that the Liens have expired and declare that the Securities have been released. This does not apply if the Liens are transferred to another party by operation of law.</p>
<p style="text-align: center;">§ 10 Rechtsnachfolger</p> <p>(1) Falls der Pfandgläubiger seine durch diesen Verpfändungsvertrag gesicherten Ansprüche ganz oder teilweise an einen Dritten überträgt oder falls ein derartiger Dritter seine Ansprüche an einen weiteren Dritten überträgt (nachfolgend „Rechtsnachfolger“ genannt), gehen die Rechte und Pflichten des Pfandgläubigers zusammen mit den an den Sicherheiten bestellten Pfandrechten auf den jeweiligen Rechtsnachfolger ganz oder teilweise über, sobald die vorgenannte Übertragung wirksam wird. Die Pfandrechte des Pfandgläubigers und aller seiner Rechtsnachfolger sind gleichrangig.</p>	<p style="text-align: center;">§ 10 Legal successor</p> <p>(1) If the Pledgee transfers its claims secured by this pledge agreement in whole or in part to a third party or if such third party transfers its claims to another third party (hereinafter referred to as „Legal Successor“), the rights and obligations of the Pledgee shall pass in whole or in part to the respective Legal Successor together with the Liens created on the Securities as soon as the aforementioned transfer becomes effective. The Liens of the Pledgee and all of its Legal Successors shall rank pari passu.</p>

<p>(2) Die Rechte und Pflichten des Verpfänders aus diesem Verpfändungsvertrag sind nur mit vorheriger schriftlicher Zustimmung des Pfandgläubigers abtretbar.</p> <p>(3) Dieser Vertrag findet auch im Falle der Gesamtrechtsnachfolge auf Seiten des Verpfänders weiterhin Anwendung.</p>	<p>(2) The rights and obligations of the Pledgor under this pledge agreement are assignable only with the prior written consent of the Pledgee.</p> <p>(3) This Agreement shall continue to apply in the event of universal succession on the part of the Pledgor.</p>
<p style="text-align: center;">§ 11</p> <p style="text-align: center;">Vertragsänderung und teilweise Unwirksamkeit</p> <p>(1) Änderungen dieses Verpfändungsvertrages sowie der Verzicht auf Rechte aus diesem Vertrag bedürfen der Schriftform, sofern nicht zwingend eine strengere Form vorgeschrieben ist. Dies gilt auch für einen Verzicht auf das Schriftformerfordernis gemäß diesem Absatz 1.</p> <p>(2) Sollte eine Bestimmung dieses Verpfändungsvertrages ganz oder teilweise unwirksam oder undurchführbar sein oder werden, so berührt dies nicht die Wirksamkeit der übrigen Bestimmungen dieses Vertrages. An die Stelle der unwirksamen oder undurchführbaren Bestimmungen tritt eine andere wirksame oder durchführbare Bestimmung, welche die Parteien im Hinblick auf Sinn und Zweck dieses Vertrages vereinbart hätten, wenn sie bei Abschluss dieses Vertrags die Unwirksamkeit oder die Undurchführbarkeit der jeweiligen Bestimmung bedacht hätten, wenn sie bei Abschluss dieses Vertrags die Unwirksamkeit oder die Undurchführbarkeit der</p>	<p style="text-align: center;">§ 11</p> <p style="text-align: center;">Amendment of the contract and partial invalidity</p> <p>(1) Amendments to this pledge agreement as well as the waiver of rights under this agreement must be made in writing unless a stricter form is mandatory. This shall also apply to a waiver of the written form requirement pursuant to this para. (1).</p> <p>(2) Should any provision of this pledge agreement be or become invalid or unenforceable in whole or in part, this shall not affect the validity of the remaining provisions of this agreement. The invalid or unenforceable provision shall be replaced by another valid or enforceable provision which the parties would have agreed upon with regard to the meaning and purpose of this agreement if they had considered the invalidity or unenforceability of the respective provision when concluding this agreement, which corresponds to the intentions of the parties with regard to the meaning and purpose of this agreement. The foregoing provision shall apply mutatis</p>

<p>jeweiligen Bestimmung bedacht hätten, welche den Absichten der Parteien im Hinblick auf Sinn und Zweck dieses Vertrags entspricht. Die vorstehende Bestimmung findet entsprechend Anwendung, falls dieser Vertrag eine Lücke enthalten sollte.</p> <p>(3) Jede Vertragspartei trägt die Kosten der von ihr beauftragten Berater. Die infolge des Abschlusses und der Durchführung dieses Vertrags entstehenden Kosten und Steuern, einschließlich der Notarkosten und etwaiger Verkehrssteuern, trägt im Innenverhältnis der Parteien allein der Verpfänder.</p>	<p>mutandis in the event that this agreement should contain a gap.</p> <p>(3) Each party shall bear the costs of the advisors engaged by it. The costs and taxes incurred as a result of the conclusion and performance of this agreement, including notarial costs and any transaction taxes, shall be borne solely by the Pledgor in the internal relationship between the parties.</p>
<p style="text-align: center;">§ 12 Anwendbares Recht und Gerichtsstand</p> <p>(1) Dieser Vertrag unterliegt dem Recht der Bundesrepublik Deutschland.</p> <p>(2) Zuständig für alle Streitigkeiten aus oder im Zusammenhang mit diesem Vertrag sind die Gerichte in Hamburg. Diese Vereinbarung beschränkt jedoch nicht das Recht des Pfandgläubigers, Rechtsstreitigkeiten gegen den Verpfänder vor jedem anderen örtlich zuständigen Gericht zu führen.</p>	<p style="text-align: center;">§ 12 Applicable law and place of jurisdiction</p> <p>(1) This contract is subject to the law of the Federal Republic of Germany.</p> <p>(2) The courts in Hamburg shall have jurisdiction for all disputes arising out of or in connection with this contract. This agreement shall not, however, limit the Pledgee's right to bring legal proceedings against the Pledgor before any other court having local jurisdiction.</p>
<p style="text-align: center;">§ 13 Mitteilung an Materia Deutschland</p> <p>Der Verpfänder und der Pfandgläubiger beauftragen und bevollmächtigen hiermit den vertretenen Notar, Materia Deutschland über die Verpfändungen durch Übersendung einer beglaubigten Abschrift</p>	<p style="text-align: center;">§ 13 Notification to Materia Germany</p> <p>The Pledgor and the Pledgee hereby instruct and authorize the represented notary public to notify Materia Deutschland of the pledges by sending a certified copy of</p>

<p>dieses Vertrages per Einschreiben (mit Rückschein) zu unterrichten.</p> <p>Belehrungen:</p> <p>Der Notarvertreter hat darauf hingewiesen,</p> <ol style="list-style-type: none"> 1. dass ein Pfandrecht ein streng akzessorisches Sicherungsrecht ist, d. h. dass es nur insoweit entsteht und Bestand hat, als die besicherten Ansprüche bestehen, und dass der Inhaber des Pfandrechts mit dem Inhaber des gesicherten Anspruchs identisch sein muss; 2. dass der Gesellschaftsvertrag von Materia Deutschland Beschränkungen im Hinblick auf eine Übertragung oder Verpfändung von Geschäftsanteilen und Forderungen aus dem Gesellschaftsverhältnis enthalten kann; 3. dass es außerhalb von § 16 Abs. 3 GmbHG keinen gutgläubigen Erwerbs eines Pfandrechts oder eines bestimmten Rangs für ein Pfandrecht gibt, d. h. dass der Pfandgläubiger nicht geschützt ist, wenn die verpfändeten Anteile nicht existieren oder vor Verpfändung an einen Dritten übertragen oder zugunsten eines Dritten belastet wurden; 4. dass Materia Deutschland Leistungen auf mitverpfändete Forderungen aus dem Gesellschaftsverhältnis mit befreiender Wirkung an den Gesellschafter erbringen kann, solange 	<p>this agreement by registered mail (with return receipt requested).</p> <p>Teachings:</p> <p>The notary's representative pointed out,</p> <ol style="list-style-type: none"> 1. that a lien is a strictly accessory security interest, i.e. that it arises and endures only to the extent that the secured claims exist, and that the holder of the lien must be the same as the holder of the secured claim; 2. that the memorandum and articles of association of Materia Deutschland may contain restrictions with regard to the transfer or pledge of shares and claims arising from the corporate relationship; 3. that there is no bona fide acquisition of a pledge or a specific rank for a pledge outside of § 16 (3) GmbHG (German Act on Limited Liability Companies), i.e. that the Pledgee is not protected if the pledged shares do not exist or were transferred to a third party or encumbered in favour of a third party prior to the pledge; 4. that Materia Deutschland may make payments to the shareholder in respect of co-pledged claims arising from the corporate relationship with discharging effect as long as it has not become aware of the pledge;
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<p>ihr die Verpfändung nicht bekanntgeworden ist;</p> <p>5. dass die Beteiligten aufgrund zwingenden Rechts unabhängig von den getroffenen Vereinbarungen als Gesamtschuldner für die Notarkosten haften.</p>	<p>5. that the parties involved are jointly and severally liable for the notary's fees on the basis of mandatory law, irrespective of the agreements made.</p>
<p>Die englische Fassung dieser Urkunde ist allein maßgeblich.</p>	<p>The English language version of this deed is solely authoritative.</p>
<p>Vorgelesen vom Notarvertreter, von den Beteiligten genehmigt und eigenhändig unterschrieben.</p>	<p>Read out loud by the notary's representative, approved and personally signed by the appearing persons:</p>

L.S.Not. gez. Nick Pateras
 gez. Alastair Crawford
 gez. Malte Lassen Notarvertreter

Dr. MALTE IVO
 Dr. JENS-OLAF LENSCHOW, LL.M.(Columbia)
 Dr. JAN-THOMAS OSKIERSKI, LL.M.(Cambridge)
 Notare

Neuer Wall 43 - 20354 Hamburg
 Tel: 040 / 36 98 99 - 0
 Fax: 040 / 37 23 06
 notare@nw-43.de
 www.notare-nw43.de

<u>VOLLMACHT</u>	<u>Power of Attorney</u>
Ich, der Unterzeichnende,	I, the signatory
Vijay Sappani, geboren am 30. August 1975, Geschäftsanschrift: 72 Leadership Drive, Brampton ON L6Y 5T2, Canada handelnd für die kanadische Gesellschaft namens 11157353 Canada Corp., geschäftsansässig in 109 Ossington Avenue, Unit 602 Toronto ON M6J 2Z2 Canada, eingetragen im Unternehmensregister Canada unter der Unternehmensnummer 11157335-3, Geschäftsnummer 720089689RC0001 (die „ Vollmachtgeber “) als deren Direktor des Vorstands	Vijay Sappani, born on August 30, 1975 business adress: 72 Leadership Drive, Brampton ON L6Y 5T2, Canada acting on behalf of 1157353 Canada Corp., registered office at 109 Ossington Avenue, Unit 602 Toronto ON M6J 2Z2 Canada, registered in the Corporations Canada Register under company no. 11157335-3, business no. 720089689RC0001, (the “ Principal ”) as director of the company board
bevollmächtige hiermit	hereby grant power of attorney to Nicolas Pateras
Herrn Nick Pateras, geboren am 25. September 1990, wohnhaft: 34 Patio Close, Clarence Avenue, London, United Kingdom SW4 8JE, - nachfolgend der „ Bevollmächtigte “ genannt -	Mr born on September 25, 1990, residing: 34 Patio Close, Clarence Avenue, London, United Kingdom SW4 8JE, - hereinafter referred to as the „ Agent “ -
den Vollmachtgeber in jeder Hinsicht zu vertreten, soweit es sich um den Abschluss eines Verpfändungsvertrages betreffend ein oder sämtliche Geschäftsanteile an der Gesellschaft in Firma Materia Deutschland GmbH, eingetragen im Handelsregister des Amtsgerichts Hamburg unter HRB 152716 (die „ Gesellschaft “) handelt.	to represent the Principal in every respect to the conclusion of a share pledge agreement regarding one share or any shares of the company named Materia Deutschland GmbH, registered with the company register of the local court of Hamburg under HRB 152716 (the “ Company ”).

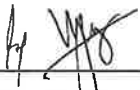
<p>Der Bevollmächtigte ist insbesondere ermächtigt, alle Erklärungen abzugeben und Handlungen vorzunehmen, die erforderlich und zweckdienlich sind, um Geschäftsanteile an der Gesellschaft mit dinglicher Wirkung an einen Gläubiger, eine natürliche Person oder Gesellschaft, nach seinem Ermessen zu verpfänden und</p> <p>den Verpfändungsvertrag mit beliebigen Inhalt abzuschließen.</p>	<p>The agent is in particular authorised to undertake all legal transactions and undertake all measures which are necessary or useful to effectively pledge on behalf of the Company with effect in rem its shares to any Creditor, being an individual or a company, at his discretion and</p> <p>to sign the share pledge agreement with any terms at his will.</p>
<p>Der Bevollmächtigte ist von den Beschränkungen des § 181 BGB befreit, d.h. ihm ist die Befugnis erteilt worden, den Vollmachtgeber bei der Vornahme von Rechtsgeschäften mit sich selbst oder als Vertreter eines Dritten uneingeschränkt zu vertreten.</p>	<p>The agent is exempted from the restrictions of sec. 181 of the German Civil Code („<i>Bürgerliches Gesetzbuch</i>“, BGB), i.e. he is entitled to conclude contracts on behalf of the person granting the power of attorney with himself on his own behalf or as an agent of third parties</p>
<p>Er ist berechtigt, Unterbevollmächtigte in demselben Umfang zu bestellen.</p>	<p>The agent may grant sub-power to the extent of this power of attorney.</p>
<p>Die deutsche Fassung dieses Vollmachtstexts ist allein maßgeblich.</p>	<p>The German language version of this text is solely material.</p>

Chennai, India

Ort/Place

November 23, 2022

Datum/Date



 Vijay Sappani

THIS IS **EXHIBIT “O”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgeon

A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. 31-2784080
Estate No. 31-2784080

Court File No. 31-2784081
Estate No. 31-2784081

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.) THURSDAY, THE 7TH
)
JUSTICE PATTILLO) DAY OF DECEMBER, 2021

*IN THE MATTER OF THE BANKRUPTCY AND
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED*

AND IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF 11157337 CANADA CORP. OF THE
CITY OF TORONTO IN THE PROVINCE OF ONTARIO

AND IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF H12 BRANDS INC. OF THE CITY
OF TORONTO IN THE PROVINCE OF ONTARIO

Applicants

**ORDER
(Approval and Vesting Order)**

THIS MOTION, made by 11157337 Canada Corp. (the “**Company**”) and H12 Brands Inc. (together, with the Company, “**High Noon**”), for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Purchase Agreement**”) between High Noon and MPX International Corporation (in such capacity, the “**Purchaser**”) made as of November 30, 2021, pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”), was heard this day by way of video conference due to the COVID-19 crisis.



ON READING the Affidavit of Deepak Anand sworn December 2, 2021, the First Report of the Proposal Trustee dated December 3, 2021 (the “**First Report**”), and, on hearing the submissions of counsel for the Company and counsel for Ernst & Young Inc., in its capacity as Proposal Trustee (the “**Proposal Trustee**”) and such other counsel as appearing on the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Shaun Parsons sworn, December 3, 2021, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

ADMINISTRATIVE CONSOLIDATION

2. **THIS COURT ORDERS** that the proposal proceedings of the Company and H12 Brands Inc., bearing Court File No. and Estate No. **31-2784080**, and **31-2784081** respectively (collectively, the “**Proposal Proceedings**”) be and are hereby administratively consolidated and the Proposal Proceedings and are hereby authorized and directed to continue under the following joint title of proceedings:

Court File No. 31-2784080
Estate No. 31-2784080

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A
PROPOSAL OF 11157337 CANADA CORP. AND H12 BRANDS INC. OF THE CITY
OF TORONTO IN THE PROVINCE OF ONTARIO**

3. **THIS COURT ORDERS** that all further materials in the Proposal Proceedings shall be filed only in the Company's Court File No. and Estate No. **31-2784080** and from and after the date hereof, all materials to be filed in the Proposal Proceedings shall be filed in Court File No. and Estate No. 31-2784080.

APPROVAL OF TRANSACTION

4. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Purchase Agreement by High Noon and the License Agreement as between High Noon and Canveda Inc., a wholly-owned subsidiary of the Purchaser, effective November 1, 2021 are hereby authorized and approved, with such minor amendments as the Proposal Trustee may deem necessary. High Noon is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser as described in the Purchase Agreement.

VESTING OF ASSETS

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Proposal Trustee's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Proposal Trustee's Certificate**"), all of High Noon's right, title and interest in and to the Purchased Assets (as defined and described in the Purchase Agreement) shall vest absolutely in and to the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, claims of ownership or authorship,

adverse claims, licenses or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise or any encumbrance of any nature which, in substance, secures payment or performance of an obligation (all of which are collectively referred to as “**Claims**”) and, for greater certainty, this Court orders that all of the Claims affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee’s Certificate, all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the consummation of the Transaction, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee’s Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these Proposal Proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of High Noon and any bankruptcy order issued pursuant to any such applications; and

- (c) any assignment in bankruptcy made in respect of High Noon;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of High Noon and shall not be void or voidable by creditors of High Noon, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

APPROVAL OF FIRST REPORT

9. **THIS COURT ORDERS** that the First Report, and the actions, conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved.

GENERAL

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist High Noon, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to High Noon and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding,

or to assist High Noon and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that each of High Noon and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

12. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this Order is effective from the date that it is made and is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing.



Schedule A – Form of Proposal Trustee’s Certificate

Court File No. 31-2784080
Estate No. 31-2784080

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A
PROPOSAL OF 11157337 CANADA CORP. AND H12 BRANDS INC. OF THE CITY
OF TORONTO IN THE PROVINCE OF ONTARIO**

PROPOSAL TRUSTEE’S CERTIFICATE

RECITALS

A. On November 19, 2021, 11157337 Canada Corp. and H12 Brands Inc. (together, “**High Noon**”) each filed a Notice of Intention to Make a Proposal (“**NOI**”) under the *Bankruptcy and Insolvency Act*.

B. Pursuant to an Order of the Honourable Mr. Justice Pattillo of the Ontario Superior Court of Justice (the “**Court**”) dated December 7, 2021, the Court approved the agreement of purchase and sale made as of November 30, 2021 (the “**Purchase Agreement**”) between High Noon and MPX International Corporation (the “**Purchaser**”) and provided for the vesting in the Purchaser of High Noon’s right, title and interest in and to the Purchased Assets (as defined in the Purchase Agreement), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment by the

Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 7 of the Purchase Agreement have been satisfied or waived by High Noon and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Purchase Agreement.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and the Proposal Trustee has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Purchase Agreement;
2. The conditions to Closing as set out in Article 7 of the Purchase Agreement have been satisfied or waived by High Noon and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at _____ on _____.

Ernst & Young Inc., in its capacity as Proposal Trustee of High Noon, and not in its personal or corporate capacity

Per: _____

Name:

Title:

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

Court File/Estate No. 31-2784080

Court File/Estate No. 31-2784081

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
11157337 CANADA CORP. OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF H12
BRANDS INC. OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER
(Approval and Vesting Order)
December 7, 2021

WEISZ FELL KOUR LLP
Royal Bank Plaza, South Tower
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**Lawyers for 11157337 Canada Corp. and
H12 Brands Inc.**

THIS IS **EXHIBIT “P”** REFERRED TO IN THE AFFIDAVIT OF **BENJAMIN TREFLER, SWORN REMOTELY** by **BENJAMIN TREFLER** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 15th day of February 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Joel Turgson

A COMMISSIONER FOR TAKING AFFIDAVITS

**KSV RESTRUCTURING INC., solely in its capacity as receiver and receiver and manager
of 11157353 CANADA CORP., and not in its personal or corporate capacity**

- AND -

REFLOURISH CAPITAL LIMITED

SHARE PURCHASE AGREEMENT

DATED FEBRUARY 14, 2023

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SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT dated February 14, 2023 is made by and between:

KSV Restructuring Inc. (“**KSV**”), solely in its capacity as receiver and receiver and manager of 11157353 Canada Corp. (“**Materia**”), a corporation incorporated under the laws of Canada, and not in its personal or corporate capacity
(hereinafter, the “**Receiver**”)

- and -

ReFlourish Capital Limited, a corporation incorporated under the laws of the British Virgin Islands
(hereinafter, the “**Purchaser**”)

RECITALS:

WHEREAS on February 21, 2023, the Ontario Superior Court (Commercial List) (the “**Court**”) granted an Order (the “**Receivership Order**”) appointing KSV as the Receiver of all of the assets, undertakings and properties of Materia, other than certain excluded assets and excluded business;

AND WHEREAS on February 21, 2023, the Court granted an Order (“**Sale Process Order**”), *inter alia*, authorizing and directing the Receiver to carry out a sale process (“**Sale Process**”) in accordance with its terms;

AND WHEREAS the Purchaser has agreed to act as a “stalking horse bidder” in the Sale Process for the purchase of the Purchased Shares (as defined herein) on the terms and conditions set forth in this Agreement;

AND WHEREAS if this Agreement is determined to be the Successful Germany Share Bid in accordance with the Sale Process, and subject to the granting of the Approval and Vesting Order and the satisfaction of the other conditions set forth herein, the Receiver has agreed to sell, and the Purchaser agrees to purchase the Purchased Shares on the terms and conditions set forth in this Agreement;

AND WHEREAS the Parties hereby acknowledge that the Receiver is entering into this Agreement in its capacity as Court-appointed receiver of Materia, and not in its personal or corporate capacity; and

NOW THEREFORE in consideration of the covenants and mutual promises set forth in this Agreement (including the recitals hereof) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

In this Agreement.

“**Action**” means any claim, action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity and by or before a Governmental Authority.

“**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to “control” another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term “controlled” shall have a similar meaning.

“**Agreement**” means this Share Purchase Agreement between the Receiver and the Purchaser, as may be amended, supplemented, restated or otherwise modified in accordance with the terms hereof.

“**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order (including any securities laws or requirements of stock exchanges and any consent decree or administrative Order) or other requirement having the force of law (“**Law**”), in each case relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“**Approval and Vesting Order**” means an order issued by the Court in the form attached hereto as Schedule “A” and otherwise acceptable to the Purchaser, the Receiver and the Court authorizing the Transaction and vesting in the Purchaser (or as it may direct) all of the right, title and interest of Materia in and to the Purchased Shares.

“**Authorization**” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval, development permit or building permit) or from any Person in connection with any easements, contractual rights or other matters.

“**Books and Records**” means all books, records, files, papers, books of account and financial data including, without limitation, Tax Returns and customer and employee

records, related to the Purchased Shares or the Business in the possession, custody or control of the Receiver or Materia.

“**Break Fee**” has the meaning set out in Section 7.3(a).

“**Business**” means the business and operations carried on by the Purchased Entity as at the date of this Agreement and as at the Closing Date.

“**Business Day**” means any day except Saturday, Sunday or any day on which banks are generally not open for business in the Province of Ontario.

“**Closing**” means the completion of the Transaction in accordance with the provisions of this Agreement.

“**Closing Date**” means the date on which Closing occurs.

“**Closing Time**” has the meaning set out in Section 5.1.

“**Court**” means the Ontario Superior Court of Justice (Commercial List).

“**Debt**” means the indebtedness owing to the Purchaser by the Receiver and Materia comprised of: (a) all amounts borrowed by the Receiver from the Purchaser in these Receivership Proceedings (the “**Receiver Debt**”), to be evidenced and secured by a Receiver’s Certificate issued pursuant to the Receivership Order; and (b) approximately €309,089, inclusive of principal and interest as of January 30, 2023 (the “**Materia Debt**”), owing by Materia to the Purchaser pursuant to, (i) the Loan Agreement, dated November 21, 2022, between Materia and Alastair Crawford, and (ii) the Promissory Note, dated December 9, 2022 between Materia and Alastair Crawford, each as amended pursuant to the Amendment to Loan Agreement, dated January 10, 2023 and assigned by Alastair Crawford to the Purchaser.

“**Discharged**” means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, including all proceeds thereof, the full, final, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

“**Ela**” means Ela Capital Inc.

“**Encumbrances**” means all claims, Liabilities (direct, indirect, absolute or contingent), obligations, prior claims, right of retention, liens, security interests, charges, hypothecs, trusts, deemed trusts (statutory or otherwise), judgments, writs of seizure or execution, notices of sale, contractual rights (including purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual rights) and encumbrances, whether or not they have been registered, published or filed and whether secured, unsecured or otherwise.

“**Excise Tax Act**” means the *Excise Tax Act, 2001*, SC 2002, c 22.

“**Expense Reimbursement Fee**” has the meaning set out in Section 7.3.

“**Governmental Authority**” means the government of Canada, or any other nation, or of any political subdivision thereof, whether state, provincial (including the government of Ontario), territorial, municipal or local, and any agency, authority, instrumentality, regulatory body, court, arbitrator or arbitrators, tribunal, central bank or other entity exercising executive, legislative, judicial or arbitral, taxing, regulatory or administrative powers or functions (including any applicable stock exchange).

“**GST/HST**” means all goods and services tax and harmonized sales tax imposed under Part IX of the Excise Tax Act.

“**Interim Period**” means the period from the date that the Sale Process Order is granted, to the earlier of the date that the offer submitted by the Purchaser pursuant to this Agreement is declared to not be the “Successful Bid” pursuant to the Sale Process or the Closing Time, as applicable.

“**KERP Charge**” has the meaning set out it in the Receivership Order.

“**KSV**” means KSV Restructuring Inc.

“**Law**” has the meaning set out in the definition of “**Applicable Law**”.

“**Legal Proceeding**” means any litigation, Action, application, suit, investigation, hearing, claim, complaint, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any court or other tribunal or Governmental Authority and includes any appeal or review thereof and any application for leave for appeal or review.

“**Liability**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“**Materia**” means 11157353 Canada Corp.

“**Materia Debt**” has the meaning set out in the definition of “**Debt**”.

“**Material Adverse Change**” means any fact, matter, event, circumstance, condition or change which materially and adversely affects, or could reasonably be expected to materially and adversely affect, the Business, operations, assets, liabilities, condition (whether financial, trading or otherwise) or operating results of the Purchased Entity and includes, without limitation: (a) the Purchased Entity ceasing to operate its Business in substantially the same manner as conducted on the date of this Agreement; (b) the removal, disposal, sale, transfer or assignment of the Purchased Entity’s assets, other than in the ordinary course of business; (c) the revocation, suspension, annulment or termination of

any licenses held by the Purchased Entity and material to the operation of the Business; and (d) any non-arms' length transaction involving the Purchased Entity's assets or the Business without the prior written approval of the Purchaser.

"Order" means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

"Organizational Documents" means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

"Outside Date" means April 30, 2023, or such other date as the Receiver and the Purchaser may agree to in writing.

"Party" means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **"Parties"** means more than one of them.

"Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal Representatives of an individual in such capacity.

"Personal Property" means all machinery, equipment, furniture, motor vehicles and other personal property that is related to the Business, wherever located (including those in possession of suppliers, customers and other third parties).

"Purchase Price" has the meaning set out in Section 2.2.

"Purchased Entity" means Materia Deutschland GmbH, a limited liability company incorporated under the laws of Germany, with its statutory seat in Hamburg, Germany, registered with the commercial register of the local court of Hamburg under HRB 152716.

"Purchased Shares" means 100% of the issued and outstanding shares in the share capital of the Purchased Entity, as more particularly described in Schedule "B" hereto.

"Purchaser" means ReFlourish Capital Limited.

"Qualified Bidders" has the meaning given to it in the Sales Process.

"Receiver" means KSV Restructuring Inc. in its capacity as court-appointed receiver and receiver and manager in the Receivership Proceedings.

"Receiver Debt" has the meaning set out in the definition of **"Debt"**.

"Receiver's Borrowings Charge" has the meaning set out it in the Receivership Order.

"Receiver's Certificate" means the certificate, substantially in the form attached as Schedule "A" to the Approval and Vesting Order, to be delivered by the Receiver to the

Purchaser on Closing and thereafter filed by the Receiver with the Court which shall, among other things, effect the vesting of the Purchased Shares in the Purchaser.

“**Receiver’s Charge**” has the meaning set out in the Receivership Order.

“**Receivership Proceedings**” means the proceedings commenced by Ela under section 243 of the *Bankruptcy and Insolvency Act* (Canada) and section 101 of the *Courts of Justice Act* (Ontario).

“**Representative**” when used with respect to a Person means each director, officer, employee, consultant, financial adviser, legal counsel, accountant and other agent, adviser or representative of that Person.

“**Sale Process**” means the Court-approved sale process conducted further to and approved by the Sale Process Order (including Schedule “A” thereto). A copy of the Sale Process is attached as Schedule ‘C’ of this Agreement.

“**Sale Process Order**” means the order of the Court, dated February 21, 2023, among other things, approving the Sale Process.

“**Successful Germany Share Bid**” has the meaning given to it in the Sale Process.

“**Target Closing Date**” means 5 Business Days following the Approval and Vesting Order, or such other date as the Purchaser may agree to in writing, or in any event as otherwise ordered by the Court.

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

“**Tax Returns**” means all returns, reports, declarations, designations, forms, elections, notices, filings, information returns, and statements in respect of Taxes that are required to be filed with any applicable Governmental Authority, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form.

“**Taxes**” or “**Tax**” means, with respect to any Person, all supranational, national, federal, provincial, state, local or other taxes, including income taxes, mining taxes, branch taxes, profits taxes, capital gains taxes, gross receipts taxes, windfall profits taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, social security premiums, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

“**Transaction**” means the transaction contemplated by this Agreement, which provides for, among other things, the acquisition from the Receiver by the Purchaser of the Purchased Shares, on and subject to the terms set forth herein.

“**Receiver**” means KSV, solely in its capacity as receiver and receiver and manager of Materia, and not in its personal capacity.

1.2 Actions on Non-Business Days.

If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

1.3 Currency and Payment Obligations.

Except as otherwise expressly provided in this Agreement, all monetary amounts referred to in this Agreement are stated in Euros.

1.4 Calculation of Time.

In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. local Toronto Time on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. local Time on the next succeeding Business Day. Any references to a specific time in this Agreement means local Toronto time unless otherwise stated.

1.5 Additional Rules of Interpretation.

- a) *Gender and Number.* In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.
- b) *Headings and Table of Contents.* The inclusion in this Agreement of headings of Articles and Sections and the provision of a table of contents are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.
- c) *Section References.* Unless the context requires otherwise, references in this Agreement to Articles, Sections or Schedules are to Articles or Sections of this Agreement, and Schedules to this Agreement.
- d) *Words of Inclusion.* Wherever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” and the words following “include”, “includes” or “including” shall not be considered to set forth an exhaustive list.

- e) *References to this Agreement.* The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.
- f) *Statute References.* Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith.
- g) *Document References.* All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules attached thereto.

1.6 Schedules.

The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

SCHEDULES

Schedule “A”	Form of Approval and Vesting Order
Schedule “B”	Purchased Shares and Ownership Interest
Schedule “C”	Sale Process

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Schedules and the interpretation provisions set out in this Agreement apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 PURCHASE OF PURCHASED SHARES

2.1 Purchase and Sale of the Purchased Shares.

Subject to the terms and conditions of this Agreement, effective as and from the Closing Time, the Receiver shall sell, assign and transfer the Purchased Shares to the Purchaser (or as the Purchaser may direct), and the Purchaser shall purchase the Purchased Shares from

the Receiver, free and clear of all Encumbrances and Liabilities, with the result that the Purchaser shall become the sole shareholder of the Purchased Entity from and after the Closing Time.

2.2 Purchase Price.

The purchase price for the Purchased Shares shall be €400,000 (the “**Purchase Price**”).

2.3 Payment of Purchase Price.

The Purchaser shall satisfy the Purchase Price by:

- (a) providing a credit and corresponding reduction in the Debt in the amount of the Purchase Price as follows:
 - (i) a credit to Materia and corresponding reduction in the total amount of the Materia Debt (up to the amount of the Purchase Price, inclusive of principal, interest and costs as of the Closing Date); and
 - (ii) a credit to the Receiver and corresponding reduction in the Receiver Debt in an amount equal to the balance of the Purchase Price.

2.4 No Cash Payment on Closing

Provided that the Purchaser has advanced to the Receiver all advances required to be made by the Purchaser pursuant to the Summary of Terms and Conditions, to be entered into by the Receiver, Ela and the Purchaser:

- (a) no cash payment or consideration other than provided for in Sections 2.3 and 2.4(b) shall be payable by the Purchaser on Closing; and
- (b) on Closing, the Purchaser shall not be required to fund any amounts owing under the KERP Charge, the Receiver’s Borrowings Charge or the Receiver’s Charge; provided, however, in the event that cash from operations and proceeds received from the closing of the sale(s) of the other assets of Materia are insufficient to satisfy amounts owing under the Receiver’s Charge, the Purchaser will fund in cash on Closing amounts owing under the Receiver’s Charge that are documented and reasonably incurred by the Receiver to consummate the Transaction.

2.5 Permitted Encumbrances / Encumbrances to be Discharged.

Pursuant to the Approval and Vesting Order, all Encumbrances of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) in respect of the Purchased Shares as at the Closing Time shall be Discharged from the Purchased Shares and shall no longer attach to the Purchased Shares following the Closing Time.

2.6 Taxes.

- (1) The Parties agree that:
 - (a) the Purchase Price is exclusive of all applicable Taxes and the Purchaser shall be liable for and shall pay any and all applicable Taxes pertaining to the acquisition of the Purchased Shares;
 - (b) the Purchaser shall pay any applicable Taxes on the acquisition of the Purchased Shares in addition to the Purchase Price, either to the Receiver or directly to the appropriate Governmental Authority, as required by Applicable Law;
 - (c) if applicable, the Receiver and the Purchaser shall jointly elect under section 167 of the Excise Tax Act that no HST will be payable pursuant to the Excise Tax Act with respect to the purchase and sale of the Purchased Share under this Agreement, and the Purchaser shall file such election(s) no later than the due date for its HST returns for the first reporting period in which HST would, in the absence of filing such election, become payable in connection with the purchase and sale of the Purchased Shares under this Agreement. Notwithstanding this election(s), in the event it is determined by a Governmental Authority that there is a liability of the Purchaser or of the Receiver to collect and remit, HST in respect of the purchase and sale of the Purchased Shares hereunder, the Purchaser shall forthwith pay such HST to the applicable Governmental Authority, or to the Receiver for remittance to the appropriate Governmental Authority, as the case may be, and the Purchaser shall indemnify and save harmless the Receiver from any taxes, penalties and interest which may be payable by or assessed against the Receiver (or its Representatives, agents, employees, directors or officers) under the Excise Tax Act.
 - (d) If requested by the Purchaser, the Receiver shall make a joint election to have the rules in subsection 20(24) of the Tax Act, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply to the obligations of the Receiver in respect of undertakings which arise from the operation of the business to which the Purchased Shares related and to which paragraph 12(1)(a) of the Tax Act applies.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Receiver.

Subject to the issuance of the Approval and Vesting Order, the Receiver represents and warrants to the Purchaser as follows and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the purchase by Purchaser of the Purchased Shares:

- (a) Receiver Validly Appointed: The Receiver has been validly appointed by the Court as receiver and manager of the Purchased Shares pursuant to the Receivership Order.
- (b) Recitals: The Recitals hereto are true and correct as of the date of this Agreement.
- (c) Due Authorization. Subject to the Court granting the Approval and Vesting Order, the Receiver has all necessary power, authority, and capacity to enter into this Agreement and all other agreements and instrument to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement.
- (d) Execution and Binding Obligation. Subject to the granting of the Approval and Vesting Order, this Agreement constitutes a legal, valid and binding obligation of the Receiver, enforceable against it in accordance with its terms.
- (e) Title to Purchased Shares. The Receiver will transfer the Purchased Shares to the Purchaser, free and clear of all Encumbrances, pursuant to and in accordance with the Approval and Vesting Order.
- (f) Residence of the Receiver. The Receiver is not a non-resident of Canada within the meaning of the Tax Act.

3.2 Representations and Warranties as to the Purchaser

The Purchaser represents and warrants to and in favour of the Receiver as follows and acknowledges and agrees that the Receiver is relying upon such representations and warranties in connection with the sale by the Receiver of the Purchased Shares:

- (a) Incorporation and Status. The Purchaser is incorporated and existing under the Laws of its jurisdiction of incorporation and has the corporate power and authority to enter into, deliver and perform its obligations under, this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) Financial Ability. The Purchaser has and will have at all relevant times, the financial ability and sufficient funds to perform all of its obligations under this Agreement, and the availability of such funds will not be subject to the consent, approval or authorization of any Person or the availability of any financing.
- (d) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement and the completion of the Transaction contemplated by this Agreement does not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.

- (e) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and this Agreement is a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (f) No Additional Due Diligence. The Purchaser acknowledges and agrees that: (a) it has had an opportunity to conduct any and all due diligence regarding the Purchased Shares prior to the execution of this Agreement; (b) it has relied solely upon its own independent review, investigation and/or inspection of any documents related to or in connection with the Purchased Shares; (c) it is not relying upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied, (by operation of law or otherwise), regarding the Purchased Shares or the completeness or accuracy of any information provided in connection therewith, except as expressly stated in this Agreement; and (d) the obligations of the Purchaser under this Agreement are not conditional upon any additional due diligence.
- (g) No Commissions. There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the Transaction contemplated by this Agreement based on any arrangement or agreement.

3.3 As is, Where is.

Except as expressly provided in Section 3.1, the Purchaser hereby acknowledges and agrees that:

- (a) the Purchased Shares are being purchased on an "*as is, where is*" basis as they exist at Closing and the Purchaser will accept the Purchased Shares in such states, understanding that the sale of the Purchased Shares is at the risk of the Purchaser. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever; and
- (b) the Receiver and Materia have not made and are not making any representations, warranties, conditions, statements or promises whatsoever, express or implied, statutory or otherwise, with respect to the Purchased Shares, including without limitation with respect to: (i) compliance or non-compliance with laws, regulations, including environmental rules; and (ii) existence of encumbrances, liens or charges or any other matter or thing whatsoever affecting the Purchased Shares.

ARTICLE 4 COVENANTS

4.1 Target Closing Date.

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on the Target Closing Date.

4.2 Motion for Approval and Vesting Order.

If the Purchaser is selected as the Successful Germany Share Bid pursuant to the terms of the Sale Process, the Receiver shall diligently use its commercially reasonable efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Receiver in its efforts to obtain the issuance and entry of the Approval and Vesting Order. Such cooperation may include providing or filing affidavit or other evidence in support of the granting of the Approval and Vesting Order. The Receiver will provide to the Purchaser a reasonable opportunity to review a draft of the motion materials to be served and filed with the Court, it being acknowledged that such motion materials should be served as promptly as reasonably possible following the determination that this Agreement is the Successful Germany Share Bid, and will serve such materials on the current service list and on such other interested parties, and in such manner, as the Purchaser may reasonably require. The Receiver will promptly inform counsel for the Purchaser of any and all threatened or actual objections to the motion for the issuance of the Approval and Vesting Order of which it becomes aware, and will promptly provide to the Purchaser a copy of all written objections received.

4.3 Interim Period.

During the Interim Period, the Receiver will advise the Purchaser promptly if it becomes aware of or receives notice of any Material Adverse Change with respect to the Purchased Entity or the Business.

4.4 Access During Interim Period.

During the Interim Period, the Receiver shall facilitate, on a reasonable efforts basis, requests by the Purchaser for access to the Purchased Entity, including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Personal Property of the Purchased Entity as the Purchaser reasonably deems necessary or desirable to further familiarize itself with the Business or the Personal Property of the Purchased Entity. Without limiting the generality of the foregoing, the Purchaser and its Representatives shall be permitted reasonable access during normal business hours to all documents in the Receiver's possession or control relating to information scheduled or required to be disclosed under this Agreement and to the employees of Materia and the Purchased Entity. Such investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with the Purchased Entity's operations or the Sale Process and the Receiver shall use reasonable efforts to facilitate cooperation by the Purchased Entity with such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser and in the Receiver's possession or control.

4.5 Regulatory Approvals and Consents.

- (a) Each of the Parties (in case of the Receiver, so long as the Receiver is not discharged) shall use its commercially reasonable efforts to: (i) take, or cause to be taken, all appropriate action, and do, or cause to be done, all things necessary, proper or advisable under any Applicable Law or otherwise to consummate and make effective the Transaction; (ii) obtain any consents, approvals or orders required to be obtained or made in connection with the authorization, execution and delivery of this Agreement and the consummation of the Transaction; and (iii) make all filings and give any notice, and thereafter make any other submissions either required or reasonably deemed appropriate by each of the Parties or required under any Applicable Law, for the purpose of consummating the Transaction.
- (b) The Parties shall use reasonable efforts to cooperate and consult with each other in connection with the making of any such filings and notices, including providing copies of all such documents to the non-filing Party and its advisors within a reasonable period of time prior to filing or the giving of notice. Up to the Closing Time, each Party shall pay for its own filing fees and other charges arising out of the actions taken under this Section 4.5 and following the Closing Time, such costs and fees shall be borne by the Purchaser.

4.6 Books and Records.

The Purchaser shall preserve and keep the Books and Records acquired by them pursuant to this Agreement for a period of six (6) years after Closing, or for any longer periods as may be required by any Laws applicable to such Books and Records. The Purchaser shall make such Books and Records, as well as electronic copies of such books and records (to the extent such electronic copies exist or could be reasonably made), available to the Receiver, Materia, their successors, and any trustee in bankruptcy of Materia, and shall, at such party's expense, permit any of the foregoing persons to take copies of such Books and Records as they may reasonably require. As soon as practicable following Closing and in any event no later than 45 days following Closing, the Receiver shall deliver, at the cost of the Purchaser any and all Books and Records reasonably requested by the Purchaser, provided such Books and Records are in the Receiver's possession and control.

ARTICLE 5 CLOSING ARRANGEMENTS

5.1 Closing.

The Closing shall take place virtually by exchange of documents in PDF format at 12:00 noon (the "**Closing Time**") on the Closing Date, or at such other time or such other place as may be agreed in writing by the Receiver and the Purchaser.

5.2 The Receiver's Closing Deliveries.

At the Closing, the Receiver shall deliver or cause to be delivered to the Purchaser the following:

- (a) a copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) a share transfer agreement with Materia as transferor and the Purchaser as transferee, in customary form under German law and notarized in Germany, providing for, among other things, payment of the Purchase Price as a condition precedent to the share transfer, in form and substance satisfactory to the Purchaser;
- (c) a certificate of status, compliance, good standing or like certificate with respect to Materia issued by the appropriate government official of its jurisdiction of incorporation;
- (d) a certificate dated as of the Closing Date and executed by the Receiver confirming and certifying that each the conditions in Sections 6.1 and 6.3 have been satisfied and that each of the representations and warranties contained in Sections 3.1 are true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date;
- (e) the Books and Records of the Purchased Entity that are in the Receiver's possession and control; and
- (f) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction provided for in this Agreement, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

5.3 The Purchaser's Closing Deliveries.

At the Closing, the Purchaser shall deliver or cause to be delivered to the Receiver the following:

- (a) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by the appropriate government official of its jurisdiction of formation;
- (b) a share transfer agreement with Materia as transferor and the Purchaser as transferee, in customary form under German law and notarized in Germany, providing for, among other things, payment of the Purchase Price as a condition precedent to the share transfer;
- (c) a certificate dated as of the Closing Date and executed by an executive officer of the Purchaser confirming and certifying that each the conditions in Sections 6.1 and 6.2 have been satisfied and that the representations and warranties contained in Section 3.2 are true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date; and
- (d) such other agreements, documents and instruments as may be reasonably required by the Receiver to complete the Transaction provided for in this Agreement, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 6 CONDITIONS OF CLOSING

6.1 Conditions for the Benefit of the Purchaser and the Receiver.

The respective obligations of the Purchaser and of the Receiver to consummate the Transaction are subject to the satisfaction of, or compliance with, at or prior to the Closing Time, each of the following conditions:

- (a) no provision of any Applicable Law and no judgment, injunction, order or decree that prohibits the consummation of the purchase of the Purchased Shares pursuant to this Agreement shall be in effect;
- (b) this Agreement shall be selected as the Successful Germany Share Bid; and
- (c) the Approval and Vesting Order shall have been issued and entered on or before the Outside Date or on or before such later date as the Parties agree to in writing, and shall not have been vacated, appealed, set aside or stayed.

6.2 The Purchaser's Conditions.

The Purchaser shall not be obligated to complete the Transaction contemplated by this Agreement, unless, at or before the Closing Time, each of the conditions listed below in this Section 6.2 have been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Purchaser, and may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing; provided that if the Purchaser does not waive a condition(s) and completes the Closing, such condition(s) shall be deemed to have been waived by the Purchaser. The Receiver shall take, and shall use best efforts to ensure that the Purchased Entity takes, all such commercially reasonable actions, steps and proceedings as are reasonably within their control to ensure that the conditions listed below in this Section 6.2 are fulfilled at or before the Closing Time.

- (a) The Receiver's Deliverables. The Receiver shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 5.2.
- (b) No Violation of Orders or Law. During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any final or non-appealable Order or Law which has the effect of: (a) making the Transaction illegal, or (b) otherwise prohibiting, preventing or restraining the consummation of the Transaction contemplated by this Agreement.
- (c) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or the Transaction specifically contemplated by this Agreement (including the Approval and Vesting Order), each of the representations and warranties contained in Sections 3.1 shall

be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

- (d) No Breach of Covenants. The Receiver shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Receiver on or before the Closing.
- (e) Consents. All Authorizations, approvals, consents, filings with or notice to, any Governmental Authority, court or other Person required in connection with the execution, delivery or performance of this Agreement by the Receiver hereunder or the purchase of the Purchased Shares hereunder shall have been obtained.
- (f) Certificate of Status. The receipt by the Purchaser of a certificate of status, compliance, good standing or like certificate with respect to the Purchased Entity issued by the appropriate government official of its jurisdiction of incorporation, to the extent such certificate exists in such jurisdiction.
- (g) Material Adverse Change. From the date of this Agreement to the Closing Time there shall not have occurred any Material Adverse Change.

6.3 The Receiver's Conditions.

The Receiver shall not be obligated to complete the Transaction contemplated by this Agreement unless, at or before the Closing Time, each of the conditions listed below in this Section 6.3 have been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Receiver, and may be waived by the Receiver in whole or in part, without prejudice to any of their rights of termination in the event of nonfulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Receiver only if made in writing. The Purchaser shall take all such actions, steps and proceedings as are reasonably within the Purchaser's control as may be necessary to ensure that the conditions listed below in this Section 6.3 are fulfilled at or before the Closing Time.

- (a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Receiver at the Closing all the documents and payments contemplated in Section 5.3.
- (b) No Violation of Orders or Law. During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any final or non-appealable Order or Law which has the effect of: (a) making the Transaction contemplated by this Agreement illegal; or (b) otherwise prohibiting, preventing or restraining the consummation of any of the Transaction contemplated by this Agreement.
- (c) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 3.2 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

- (d) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing, which shall have been performed in all respects.
- (e) Successful Bidder. This Agreement shall have been chosen as the Successful Germany Share Bid.
- (f) Consents. All Authorizations, approvals, consents, filings with or notice to, any Governmental Authority, court or other Person required in connection with the execution, delivery or performance of this Agreement by the Receiver hereunder or the purchase of the Purchased Shares hereunder shall have been obtained.

6.4 Receiver's Certificate.

When the conditions to Closing set out in Sections 6.1, 6.2 and 6.3 have been satisfied and/or waived by the Receiver or the Purchaser, as applicable, the Receiver shall: (i) issue forthwith its Receiver's Certificate concurrently to Materia and the Purchaser, at which time the Closing will be deemed to have occurred; and (ii) file as soon as practicable a copy of the Receiver's Certificate with the Court (and shall provide a copy of such filed certificate to Materia and the Purchaser).

ARTICLE 7 TERMINATION

7.1 Grounds for Termination.

- (a) This Agreement may be terminated on or prior to the Closing Date:
 - (I) by the mutual written agreement of the Receiver and the Purchaser;
 - (II) automatically and without any action or notice by the Receiver to the Purchaser or the Purchaser to the Receiver, immediately upon the closing by the Receiver of a Successful Germany Share Bid (as determined pursuant to the Sale Process) if this Agreement is not the Successful Germany Share Bid;
 - (III) by the Purchaser or the Receiver, at any time following the Outside Date, if Closing has not occurred on or prior to 11:59 p.m. (Eastern Time) on the Outside Date, provided that the reason for the Closing not having occurred is not due to any act or omission, or breach of this Agreement, by the Party proposing to terminate this Agreement;
 - (IV) by the Purchaser, on the one hand, or the Receiver, on the other hand, upon written notice to the other Parties if: (i) the Approval and Vesting Order has not been obtained by the Target Closing Date or (ii) the Court finally declines to grant the Approval and Vesting Order with no opportunity to return to Court to seek a revised Approval and Vesting Order, and in each

case for reasons other than a breach of this Agreement by the party proposing to terminate the Agreement;

- (V) by the Receiver, if there has been a material violation or breach by the Purchaser of any agreement, covenant, representation or warranty of the Purchaser in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Section 6.2, as applicable, by the Target Closing Date and such violation or breach has not been waived by the Receiver or cured within five (5) Business Days of the Receiver providing written notice to the Purchaser of such breach, unless the Receiver is in material breach of their obligations under this Agreement; or
 - (VI) by the Purchaser, if there has been a material violation or breach by the Receiver of any agreement, covenant, representation or warranty which would prevent the satisfaction of, or compliance with, any condition set forth in Section 6.3, as applicable, by the Target Closing Date and such violation or breach has not been waived by the Purchaser or cured within five (5) Business Days of the Purchaser providing notice to the Receiver of such breach, unless the Purchaser is in material breach of its obligations under this agreement.
- (b) Prior to the Receiver agreeing to or electing to any termination pursuant to this Section 7.1, the Receiver shall first consult with Ela.

7.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 7.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder, except as contemplated in Sections 7.3 (*Expense Reimbursement Fee and Break Fee*), 8.2 (*Expenses*), 8.3 (*Public Announcements*), 8.4 (*Notices*), 8.8 (*Waiver and Amendment*), 8.11 (*Governing Law*), 8.12 (*Dispute Resolution*), 8.13 (*Attornment*), 8.14 (*Successors and Assigns*), 8.15 (*Assignment*), 8.16 (*No Liability*), and 8.17 (*Third Party Beneficiaries*), which shall survive such termination. For the avoidance of doubt, any Liability incurred by a Party prior to the termination of this Agreement shall survive such termination.

7.3 Expense Reimbursement Fee and Break Fee

- (a) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial stalking horse bidder for the Purchased Shares in the Sale Process, and the preparation of this Agreement, and subject to Court approval, the Purchaser shall be entitled to: (i) an expense reimbursement fee in the maximum amount of \$25,000.00 Canadian Dollars (inclusive of HST, if any) (the “**Expense Reimbursement Fee**”); and (b) a break fee in the amount of \$20,000 Canadian Dollars (inclusive of HST, if any) (the “**Break Fee**”). The Expense Reimbursement and Break Fee are each payable by the Receiver to the Purchaser in the event that a bid other than the within Agreement is accepted by the Receiver as the Successful

Germany Share Bid, approved by the Court and completed. The payment of the foregoing amounts shall be approved in the Sale Process Order and shall be payable to the Purchaser out of the sale proceeds derived from and upon completion of the Successful Germany Share Bid, and shall be made in priority to amounts secured by existing security other than the Receiver's Charge. For certainty, the Expense Reimbursement Fee and Break Fee do not form part of the Purchase Price.

- (b) The Parties acknowledge and agree that the Expense Reimbursement Fee represents a fair and reasonable estimate of the expenses that will be incurred by the Purchaser as a result of preparing for and entering into this Agreement, and both the Expense Reimbursement Fee and the Break Fee are not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Shares. Each of the Parties hereby acknowledge and agree that, under circumstances where the Purchaser is entitled to the Expense Reimbursement Fee and Break Fee and such amounts are paid in full to the Purchaser, the Purchaser shall be precluded from any other remedy against the Receiver at law or in equity or otherwise in respect of damages for non-completion of this Agreement, and in any such case it shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against the Receiver or any of its respective directors, officers, employees, partners, managers, members, shareholders or Affiliates in connection with the non-completion of this Agreement or the Transaction.
- (c) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not selected as the Successful Germany Share Bid, then upon the closing of a transaction with such successful bidder, this Agreement shall be terminated and the Purchaser shall be entitled to the Expense Reimbursement Fee and Break Fee and neither Party hereto shall have any further liability or obligation, except as expressly provided for in this Agreement.

ARTICLE 8 GENERAL

8.1 Survival.

Subject to Section 7.2, all representations, warranties, covenants and agreements of the Receiver or the Purchaser made in this Agreement or any other agreement, certificate or instrument delivered pursuant to this Agreement shall not survive the Closing except where, and only to the extent that, the terms of any such covenant or agreement expressly provide for rights, duties or obligations extending after the Closing, or as otherwise expressly provided in this Agreement.

8.2 Expenses.

Except if otherwise agreed upon in writing amongst the Parties and as set forth in Section 7.3 (Expense Reimbursement Fee), each Party shall be responsible for its own costs and expenses (including any Taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement, the

Transaction (including the fees and disbursements of legal counsel, bankers, agents, investment bankers, accountants, brokers and other advisers).

8.3 Public Announcements.

The Receiver and Materia shall be entitled to disclose the terms of this Agreement to the Court, to parties with an interest in the Receivership Proceedings, and parties who are Qualified Bidders (as defined in the Sale Process) and this Agreement may be posted on the Receiver's website maintained in connection with the Receivership Proceedings; provided that any information which the Purchaser (acting reasonably) advises the Receiver in writing as being confidential shall be redacted. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet obligations of the Parties under the Sale Process, Applicable Laws or stock exchange rules, the Receiver and Materia shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transaction contemplated hereby without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed.

8.4 Notices.

Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if: (i) delivered personally; (ii) sent by prepaid courier service; or (iii) sent by e-mail, in each case, to the applicable address set out below:

(a) if to the Receiver to:

KSV Restructuring Inc.

150 King St W #2308,
Toronto, ON M5H 1J9

Attention: Noah Goldstein,
Tel: 416-932-6207
Email: ngoldstein@ksvadvisory.com

Attention Eli Brenner
Tel: 416-932-6028
Email: ebrenner@ksvadvisory.com

with a copy (which shall not constitute notice) to:

Miller Thomson

40 King Street West #5800
Toronto, ON M5H 3S1

Attention: Asim Iqbal

Tel: 416-597-6008
Email: aiqbal@millერთhompson.com

(b) If to the Purchaser:

Reflourish Capital Limited

C/O Dentons Canada LLP
77 King Street West, Suite 400,
Toronto-Dominion Centre,
Toronto, ON M5K 0A1

Attention: Kenneth Kraft
Tel: 416-863-4374
E-mail: kenneth.kraft@dentons.com

Attention: Sara-Ann Wilson
Tel: 416-863-4402
E-mail: sara.wilson@dentons.com

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of e-mailing, provided that such day in either event is a Business Day and the communication is so delivered, e-mailed or sent before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

Any Party may from time to time change its address under this Section 8.4 by notice to the other Parties given in the manner provided by this Section 8.4.

8.5 Time of Essence.

Time shall be of the essence of this Agreement in all respects.

8.6 Further Assurances.

The Receiver and the Purchaser shall, at the sole expense of the requesting Party, from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other Parties may reasonably require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof.

8.7 Entire Agreement.

This Agreement and the deliverables delivered by the Parties in connection with the Transaction contemplated herein constitute the entire agreement between the Parties or any of them pertaining to the subject matter of this Agreement and supersede all prior

agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, representations, warranties, obligations or other agreements between the Parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as explicitly set out in this Agreement.

8.8 Waiver and Amendment.

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the Receiver and Purchaser. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

8.9 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

8.10 Remedies Cumulative.

The rights, remedies, powers and privileges herein provided to a Party are cumulative and in addition to and not exclusive of or in substitution for any rights, remedies, powers and privileges otherwise available to that Party.

8.11 Governing Law.

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

8.12 Dispute Resolution.

If any dispute arises with respect to the interpretation or enforcement of this Agreement, including as to what constitutes a breach or material breach of this Agreement for the purposes of Article 7, such dispute shall be determined by the Court within the Receivership Proceedings, or by such other Person or in such other manner as the Court may direct. The Parties irrevocably submit and attorn to the exclusive jurisdiction of the Court.

8.13 Attornment.

Each Party agrees: (a) that any Legal Proceeding relating to this Agreement shall be brought in the Court, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of the Court; (b) that it irrevocably waives any right to, and shall not, oppose any such Legal Proceeding in the Court on any jurisdictional basis, including *forum non conveniens*; and (c) not to oppose the enforcement against it in any other

jurisdiction of any Order duly obtained from the Court as contemplated by this Section 8.13. Each Party agrees that service of process on such Party as provided in this Section 8.13 shall be deemed effective service of process on such Party.

8.14 Successors and Assigns.

This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.

8.15 Assignment.

Prior to Closing, the Purchaser may assign, upon written notice to the Receiver, all or any portion of its rights and obligations under this Agreement to an Affiliate, including the rights of the Purchaser to purchase from the Receiver the Purchased Shares prior to the issuance of the Approval and Vesting Order; provided that no such assignment shall relieve the Purchaser of any of its obligations or Liabilities under this Agreement. The Receiver may not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement.

8.16 No Liability.

The Purchaser acknowledges and agrees that the Receiver, acting in its capacity as the Receiver of Materia, will have no Liability, in its personal capacity, in connection with this Agreement whatsoever.

8.17 Third Party Beneficiaries.

Unless where provided to the contrary by the specific terms hereof, this Agreement is for the sole benefit of the Parties, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

8.18 Independent Legal Advice

The Purchaser warrants that it has received independent legal advice in connection with this Agreement.

8.19 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Parties by e-mail in pdf format or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

[Remainder of page intentionally left blank. Signature page follows.]

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

KSV RESTRUCTURING INC., solely in its capacity as receiver and receiver and manager of **11157353 CANADA CORP.**, and not in its personal or corporate capacity

By: _____
Name:
Title:

REFLOURISH CAPITAL LIMITED

By: _____
Name:
Title:

SCHEDULE "A"
FORM OF APPROVAL AND VESTING ORDER

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) WEEKDAY, THE #
JUSTICE) DAY OF MONTH, 2023
)

B E T W E E N:

ELA CAPITAL INC.

Applicant

- and -

11157353 CANADA CORP.

Respondent

APPROVAL AND VESTING ORDER

THIS MOTION, made by KSV Restructuring Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the assets, undertakings and properties other than the Excluded Assets (as defined in the Receivership Order) of 11157353 Canada Corp. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by the share purchase agreement (the "**Sale Agreement**") between the Receiver and Reflourish Capital Limited (the "**Purchaser**") dated [●], 2023 and appended to the Report of the Receiver dated [●], 2023 (the "**Report**"), and vesting in the Purchaser the Debtor's right, title and interest in and to the

Purchased Shares (as defined in the Sale Agreement)), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver, counsel for the Applicant, Counsel for the Purchaser, and such other counsel as were present and listed on the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [●] sworn [●], 2023 filed:

1. **THIS COURT ORDERS** that the time and manner of service of the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Shares to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Shares described in the Sale Agreement and listed on **Schedule "B"** hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Osborne dated February 21, 2023; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Shares are hereby expunged and discharged as against the Purchased Shares.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Shares shall stand in the place and stead of the Purchased Shares, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Shares with the same priority as they had with respect to the Purchased Shares immediately prior to the sale, as if the Purchased Shares had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Shares in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT ORDERS** that, following the closing of the Transaction, the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the Purchased Shares.

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in Germany to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

10. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.

Schedule A – Form of Receiver’s Certificate

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ELA CAPITAL INC.

Applicant

- and –

11157353 CANADA CORP.

Respondent

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Osborne of the Ontario Superior Court of Justice (the "**Court**") dated February 21, 2023, KSV Restructuring Inc. was appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties other than the Excluded Assets (as defined in the Receivership Order), of 11157353 Canada Corp. (the "**Debtor**").

B. Pursuant to an Order of the Court dated [●], 2023, the Court approved the share purchase agreement dated [●], 2023 (the "**Sale Agreement**") between the Receiver and Reflourish Capital Limited (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Shares, which vesting is to be effective with respect to the Purchased Shares upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Shares; (ii) that the conditions to Closing as set out in section ● of the Sale Agreement have been satisfied or

waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Shares payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section ● of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

**KSV RESTRUCTURING INC., in its
capacity as Receiver of the undertaking,
property and assets of 11157353 Canada
Corp., and not in its personal or corporate
capacity**

Per: _____
Name:
Title:

Schedule B – Purchased Shares

100% of the issued and outstanding shares in the share capital of Materia Deutschland GmbH, more particularly described below:

Company	Purchased Shares			
	Class of Shares	Number of Shares owned by Materia	% of Issued and Outstanding Shares owned by Materia (non-diluted)	% of Issued and Outstanding Shares owned by Materia (fully diluted)
Materia Deutschland GmbH	Not specified	25,000 (in a nominal amount of EUR 1.00 each)	100%	100%

**SCHEDULE “B”
PURCHASED SHARES AND OWNERSHIP INTEREST**

Purchased Entity	Purchased Shares			
	Class of Shares	Number of Shares owned by Materia	% of Issued and Outstanding Shares owned by Materia (non-diluted)	% of Issued and Outstanding Shares owned by Materia (fully diluted)
Materia Deutschland GmbH	Not specified	25,000 (in a nominal amount of EUR 1.00 each)	100%	100%

SCHEDULE "C"
SALE PROCESS

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Sale Process

Overview

1. On February 21, 2023, pursuant to an order (the “**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), KSV Restructuring Inc. was appointed as receiver and receiver and manager (the “**Receiver**”), without security, of all of the assets, undertakings and properties, excluding the Excluded Assets and Excluded Business (as defined in the Receivership Order) (the “**Property**”) of 11157353 Canada Corp. (the “**Company**”) which is principally comprised of 100% of the issued and outstanding share capital in Materia Deutschland GmbH (the “**Germany Shares**”), 100% of the issued and outstanding share capital in Materia Ventures Malta Ltd. (the “**Malta Shares**”), and 100% of the issued and outstanding share capital in Kara Wellness Limited and Handpicked CBD Limited (the “**UK Shares**”, together with the Germany Shares and Malta Shares, the “**Assets**”).

2. Pursuant to the Receivership Order, the Receiver is authorized to market any or all of the Property of the Company, which marketing may involve advertising or soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver may deem appropriate (the “**Sale Process**”).

3. On February 21, 2023, the Court issued an Order (the “**Sale Process Order**”) that, among other things:

- (a) approved the Sale Process as described herein; and
- (b) approved and accepted the Share Purchase Agreement between the Receiver and Reflourish Capital Limited (“**Reflourish**” and the “**Stalking Horse Bid**”) for the purpose of conducting a “stalking horse” solicitation process in respect of the Germany Shares, in accordance with the Sales Process.

Purpose

4. The purpose of this Sale Process is to seek offers for the purchase of: (i) the Germany Shares for an amount and on terms which are superior to the transaction contemplated by the Stalking Horse Bid; (ii) the Malta Shares; and (iii) the UK Shares.

5. The Sale Process, and any orders of the Court made in the proceeding relating to the Sale Process, shall exclusively govern the process for soliciting and selecting bids for the sale of the Assets (each, a “**Transaction**”).

Timeline

6. The following table sets out the key milestones and deadlines under the Sale Process:

Milestone	Deadline
Sale Process Commencement	As soon as practicable following the granting of the Sale Process Order
Publication of Notice of the Sale Process and delivery of the Teaser Letter and NDA to Potential Bidders, and upon execution of the NDA, provide Potential Bidders with access to the CIM and Data Room	As soon as practicable following the granting of the Sale Process Order
Bid Deadline	30 days after the granting of the Sale Process Order (the “ Bid Deadline ”)
Selection of the Successful Bid(s), including, if necessary, holding the Auction	As soon as reasonably practical following the Bid Deadline
Approval Hearing with the Court	As soon as reasonably practical following the Selection of the Successful Bid (s)
Closing of the Transaction under the Successful Bid(s)	No later than 5 days following the Court granting the Approval and Vesting Order (the “ Closing Date ”)

7. The deadlines set out in paragraph 6 above may be extended by the Receiver, acting reasonably, for up to a maximum of one week in the aggregate without the approval of the Court or the Stalking Horse Bidder. Any such extensions will be communicated to all bidders in writing.

8. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day (a “**Business Day**” is any day, other than a Saturday or Sunday, on which banks are ordinarily open for business in Toronto, Ontario).

Pre-Marketing Stage

9. As soon as reasonably practicable (the “**Sale Process Commencement**”), the Receiver will:

- (a) prepare: (i) a process summary (the “**Teaser Letter**”) describing the opportunity, outlining the process under the Sale Process and inviting recipients of the Teaser

Letter to express their interest pursuant to the terms of the Sale Process; (ii) a non-disclosure and confidentiality agreement with the Receiver (an “**NDA**”); and (iii) a confidential information memorandum (“**CIM**”). The Teaser Letter will specifically stipulate that the Receiver makes no representations or warranties as to the accuracy or completeness of the information contained in the Teaser Letter, the Data Room (as defined below), or made available pursuant to the Sale Process or otherwise, except to the extent expressly contemplated in any definitive sale agreement with a Successful Bidder (as defined below) ultimately executed and delivered by the Receiver;

- (b) gather and review all due diligence materials, it determines to be relevant, to be provided to interested parties and establish a secure, electronic data room (the “**Data Room**”), which will be maintained and administered by the Receiver throughout the Sale Process; and
- (c) prepare a list of potential interested parties (each a “**Potential Bidder**”), including:
 - (i) parties that have approached the Company or the Receiver indicating an interest in the opportunity; and
 - (ii) local and international strategic and financial parties who the Receiver believes may be interested in purchasing all or part of the Assets.

Marketing Stage

- 10. As soon as reasonably possible after the Sale Process Commencement, the Receiver shall:
 - (a) arrange for a notice of the Sale Process (and such other relevant information as the Receiver considers appropriate) (the “**Notice**”) to be published in such newspaper(s), publication(s) or journal(s) as the Receiver considers appropriate; and
 - (b) send the Teaser Letter and NDA to all Potential Bidders and to any other party who responds to the Notice as soon as reasonably practicable.

Free of Any and all Claims and Interests

11. Depending on the structure of the Transaction proposed by a Qualified Bidder (as defined herein), the Assets of the Company shall be transferred free and clear of all liens and claims, subject to any permitted encumbrances, pursuant to an approval and vesting order issued by the Court approving the Transaction (the “**Approval and Vesting Order**”). For greater certainty, all security interests, liens, claims and encumbrances will be discharged from the Assets and will attach to the net proceeds from a Transaction(s) following the granting of the Approval and Vesting Order.

“As Is, Where Is”

12. Any purchase of the Assets will be on an “as is, where is” basis without representations or warranties of any kind, nature or description by the Receiver or Company or any of their respective directors, officers, partners, employees, agents, advisors, representatives or estates,

except to the extent as may be set forth in a Binding APA (as defined herein) and approved by the Court.

13. By submitting a bid, each Potential Bidder (as defined herein) shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Company and the Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and information in respect of the Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties or guarantees, express, implied, statutory or otherwise, regarding the Company or its Assets or the completeness of any information provided in connection therewith, except as expressly stated in this Sale Process or as set forth in a Binding APA and approved by the Court.

Participation Requirements

14. Each Potential Bidder must deliver to the Receiver, an executed NDA, in the form provided by the Receiver, prior to the distribution of any confidential information by the Receiver.

15. If it is determined by the Receiver that a Potential Bidder: (i) has a *bona fide* interest in pursuing a Transaction (based on financial ability to consummate a transaction, industry experience, and other factors); and (ii) has delivered an executed NDA, then such Potential Bidder will be deemed to be a “**Qualified Bidder**”.

16. Reflourish shall be deemed to be a Qualified Bidder in respect to the Germany Shares for the purposes of this Sale Process.

17. The Receiver will grant each Qualified Bidder access to the Data Room and CIM, as soon as reasonably practicable, which will provide, among other things, information considered relevant to the Sale Process, including in the case of a Qualified Bidder that desires to make a bid for the Germany Shares, the Stalking Horse Bid.

18. No Potential Bidder or Qualified Bidder, nor the Stalking Horse Bidder shall be permitted to receive the details of any bids or Binding APAs submitted or the details or existence of any confidential discussions or correspondence among the Company, the Receiver and any bidder in connection with the Sale Process, except to the extent the Receiver, at its sole discretion, determines is reasonable or in preparation for the Auction (as defined below).

Due Diligence

19. The Receiver, subject to competitive and other business considerations, may give each Qualified Bidder such access to due diligence materials and information relating to the Company as the Receiver deems appropriate. Due diligence access may include access to the Data Room, on-site inspections and other matters which a Qualified Bidder may reasonably request and to which the Receiver may agree. Neither the Receiver, nor any of its representatives will be obligated to furnish any information relating to the Company to any person. The Receiver and Company make no representation or warranty, express or implied, as to the information provided through this due diligence process or otherwise, except as may be set forth in a Binding APA.

Binding APAs

20. A Qualified Bidder that desires to make a bid for the Germany Shares shall deliver written copies of its bid, in the form of the Stalking Horse Bid, together with a blackline outlining all changes made to the Stalking Horse Bid (the “**Binding APA for the Germany Shares**”).

21. A Qualified Bidder that desires to make a bid for the Malta Shares shall deliver written copies of its bid in the form of a share purchase agreement (the “**Binding APA for the Malta Shares**”).

22. A Qualified Bidder that desires to make a bid for the UK Shares shall deliver written copies of its bid in the form of a share purchase agreement (together with the Binding APA for the Germany Shares and the Binding APA for the Malta Shares, a “**Binding APA**”).

23. The Receiver will consider (i) a bid for all of the Company’s Assets (an “**En Bloc Bid**”) or (ii) separate bids to acquire some but not all of the Company’s Assets (“**Piecemeal Bids**”). Subject to Court approval, the Receiver has the right to accept an En Bloc Bid if the total consideration is greater than separate Piecemeal Bids.

24. A Binding APA (for any of the Assets) must be submitted to the Receiver as follows: Attn: Noah Goldstein [ngoldstein@ksvadvisory.com] and Eli Brenner [ebrenner@ksvadvisory.com], so as to be received by no later than the Bid Deadline.

25. A Binding APA must comply with all of the following:

- (a) it is received by the Receiver prior to the Bid Deadline;
- (b) the bid (either individually or in combination with another bid that makes up one Binding APA) is an offer:
 - (i) to purchase the Germany Shares on terms consistent with the form of the Stalking Horse Bid, together with all completed schedules thereto, and on conditions acceptable to the Receiver;
 - (ii) to purchase the Malta Shares on terms reflected in a share purchase agreement, together with all completed schedules thereto, and on conditions acceptable to the Receiver; and
 - (iii) to purchase the UK Shares on terms reflected in a share purchase agreement, together with all completed schedules thereto, and on conditions acceptable to the Receiver;
- (c) it is duly authorized and executed, and includes a purchase price for the Assets (collectively, the “**Purchase Price**”):
 - (i) with respect to the Germany Shares, €400,000 (or the equivalent in Canadian Dollars) in cash due on closing of the Transaction plus (i) a minimum incremental amount of \$6,000 Canadian Dollars in excess of the

aggregate purchase price contemplated by the Stalking Horse Bid; (ii) a reimbursement of Re flourish's reasonable fees and disbursements relating to the preparation and execution of the Stalking Horse Bid in the maximum amount of \$25,000 Canadian Dollars; and (iii) a break fee in the amount of \$20,000 Canadian Dollars (inclusive of HST, if any);

- (ii) with respect to the Malta Shares, an amount in cash due on closing of the Transaction; and
 - (iii) with respect to the UK Shares, an amount in cash due on closing of the Transaction.
- (d) includes a letter of acknowledgment stating that the Qualified Bidder's offer is irrevocable and open for acceptance until the closing of the Successful Bid (as defined herein);
 - (e) it is accompanied by written evidence of a firm, irrevocable commitment for financing or other evidence satisfactory to the Receiver, in its sole discretion, of the ability of the Qualified Bidder to consummate the proposed Transaction, and that will allow the Receiver to make a determination as to the Qualified Bidder's financial and other capabilities to consummate the proposed sale and pay the Purchase Price;
 - (f) it will be unconditional (other than customary or other conditions acceptable to the Receiver in its sole discretion) and not subject to further due diligence;
 - (g) it fully discloses the identity of each person or entity (including all beneficial owners of such entity) that will be bidding for, or otherwise sponsoring, financing, participating or benefiting from such bid;
 - (h) it includes an acknowledgement and representation of the Qualified Bidder that:
 - (i) it has had an opportunity to conduct any and all due diligence regarding the Assets prior to making its bid; (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Assets, the Company or the completeness or accuracy of any information provided by the Receiver or any other party in connection therewith;
 - (i) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution and delivery of the Binding APA submitted by the Qualified Bidder;
 - (j) provides a deposit in the amount of not less than 15% of the Purchase Price offered by the Qualified Bidder (the "**Deposit**"); and

(k) the bid contemplates closing the Transaction by or on the Closing Date.

26. The Receiver may determine, at its sole discretion, whether to entertain bids for the Germany Shares, the Malta Shares, and/or the UK Shares that do not conform to one or more of the requirements for a Binding APA specified herein.

27. Notwithstanding anything herein, the offer represented by the Stalking Horse Bid with respect to the Germany Shares shall be deemed to be a Binding APA for the Germany Shares.

Evaluation of Binding APA

28. Each Binding APA will be considered and reviewed by the Receiver based upon several factors including, without limitation, the Purchase Price and the net value provided by such bid, the financial ability of the Qualified Bidder to close the Transaction, the claims likely to be created by such bid in relation to other bids, the counterparties to such transactions, the proposed transaction documents, other factors affecting the speed and certainty of the closing of the Transaction, the value of the transaction, the Assets included or excluded from the bid, the transition services required from the Receiver (if any), any related transaction costs, the likelihood and timing of consummating such transactions, and such other matters as the Receiver may determine.

29. Each Qualified Bidder shall comply with all reasonable requests for additional information by the Receiver regarding the Qualified Bidder or the Binding APA. Failure of a Qualified Bidder to comply with such requests for additional information will be a basis for the Receiver to reject a Binding APA.

Selection of Successful Germany Share Bid

30. With respect to the Germany Shares the Receiver may identify the highest or otherwise best offer for the Germany Shares (the “**Successful Germany Share Bid**”).

31. If no Binding APA for the Germany Shares (other than the Stalking Horse Bid) is received by the Bid Deadline, the Stalking Horse Bid shall be deemed the Successful Germany Share Bid.

32. If the Receiver receives one or more Binding APAs for the Germany Shares, it may, in the Receiver’s sole discretion, proceed with an auction to select the Successful Germany Share Bid (an “**Auction**”) on notice to each Qualified Bidder that submits a Binding APA for the Germany Shares and is invited to attend the Auction by the Receiver having regard to the terms of its Binding APA for the Germany Shares (each, an “**Auction Bidder**”). For greater certainty, Reflourish shall constitute an Auction Bidder in all circumstances in which an Auction is conducted for the Germany Shares.

33. If an Auction is commenced, the Receiver will implement Auction procedures that will be made available to all Auction Bidders if and when the Auction is implemented.

34. The Receiver shall consult with ELA Capital Inc, as applicant in these proceedings (“**Ela Capital**”), prior to the determination of a Successful Germany Share Bid by the Receiver, provided Ela Capital has not and confirms it has no intention to make a bid for any Assets.

Selection of Successful UK Share Bid and Malta Share Bid

35. With respect to the UK Shares and the Malta Shares: (i) the Receiver may identify the highest or otherwise best offer or combination of offers for the UK Shares (the “**Successful UK Share Bid**”); (ii) the Receiver may identify the highest or otherwise best offer or combination of offers for the Malta Shares (the “**Successful Malta Share Bid**”); or (iii) if the Receiver determines that two or more Binding APAs for the UK Shares and the Malta Shares are close in value, at the discretion of the Receiver, the Receiver may decide to negotiate with the applicable Qualified Bidders in order for the Qualified Bidders to submit an improved bids for the UK Shares or the Malta Shares, and as a result of such negotiations and the Receiver may identify a Successful UK Share Bid and Successful Malta Share Bid.

36. The Receiver shall consult with Ela Capital prior to the determination of a Successful UK Share Bid and the Successful Malta Share Bid by the Receiver, provided Ela Capital has not and confirms it has no intention to make a bid for any Assets.

37. The Receiver shall have no obligation to select a Successful UK Share Bid or a Successful Malta Share Bid and it reserves the right to reject any or all Binding APAs.

Backup Bid(s)

38. After selecting the Successful Bid(s), the Receiver may, at its sole discretion, chose the second highest or otherwise best offer or combination of offers for the Assets to act as the backup bid (the “**Backup Bid**”) in circumstances where the Transaction(s) contemplated by the Successful Bid(s) does not close.

Treatment of Deposits

39. In the event a Binding APA is not selected as a Successful Malta Share Bid, a Successful Germany Share Bid, or a Successful UK Share Bid (each a “**Successful Bid**”), the Deposit (without interest) shall be returned to the Qualified Bidder as soon as reasonably practicable after the closing of the Successful Bid.

40. A Binding APA may not be withdrawn, modified or amended without the written consent of the Receiver prior to the closing of the Successful Bid. Any such withdrawal, modification or amendment made without the written consent of the Receiver prior to the closing of the Successful Bid shall result in the forfeiture of such Qualified Bidder’s Deposit as liquidated damages and not as a penalty.

41. If a Qualified Bidder who made a Successful Bid breaches its obligations under the terms of the Sale Process or Binding APA, its deposit shall be forfeited as liquidated damages and not as a penalty.

Sale Approval Hearing

42. The sale of the Assets to any Successful Bidder is expressly conditional on the approval of the Successful Bid by the Court pursuant to an Approval and Vesting Order.

43. The motion for an order of the Court approving any Successful Bid (the “**Sale Approval Hearing**”) shall be brought by the Receiver. The Sale Approval Hearing shall be heard on a date determined by the Receiver and subject to the Court’s availability.

44. All of the Binding APAs for the Germany Shares other than any Successful Germany Share Bid, if any, shall be deemed rejected by the Receiver immediately after the closing of the Successful Germany Share Bid.

45. All of the Binding APAs for the Malta Shares other than any Successful Malta Share Bid, if any, shall be deemed rejected by the Receiver immediately after the closing of the Successful Malta Share Bid.

46. All of the Binding APAs for the UK Shares other than any Successful UK Share Bid, if any, shall be deemed rejected by the Receiver immediately after the closing of the Successful UK Share Bid.

Reservation of Rights

47. The Receiver may: (a) determine which Binding APA, if any, is the highest or otherwise best offer; and (b) notwithstanding anything contained herein, at any time before the issuance and entry of an Approval and Vesting Order, reject any bid that it determines is (i) inadequate or insufficient; or (ii) not in conformity with the requirements of this Sale Process or any order of the Court.

48. This Sale Process does not, and shall not be interpreted to, create any contractual or other legal relationship between the Receiver and any other party, other than as specifically set forth in definitive agreements that may be executed.

49. The Receiver shall have the right to adopt such rules, not inconsistent with the Sale Process described herein, that, in its reasonable discretion, will promote the goals of the Sale Process.

50. The Receiver may make any modification to the Sale Process that it considers appropriate in the circumstances and, if determined necessary or desirable in the Receiver’s sole discretion, it will seek Court approval of such modification on notice to the service list in the receivership proceeding. For greater certainty, any extension of time by the Receiver pursuant to paragraph 6 herein will not be considered “material”.

Approvals

51. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the Receivership Order or any other statute or as otherwise required at law in order to implement a Successful Bid.

Limitation of Liability

52. The Receiver and the Company shall not have any liability whatsoever to any person or party, including without limitation to any Potential Bidder, Qualified Bidder, a bidder who

submits a Successful Bid or any creditor or other stakeholder, for any act or omission related to this Sale Process, save gross negligence or willful misconduct. By submitting a bid, each Potential Bidder shall be deemed to have agreed that it has no claim against the Receiver for any reason, matter or thing whatsoever, save gross negligence or willful misconduct.

53. Other than as specifically set forth in a definitive agreement between the Receiver and a Successful Bidder, the Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship among the Company, the Receiver, a Potential Bidder, a Qualified Bidder, a Successful Bidder, or any other party.

54. The Receiver and the Company shall not be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the completion of any Transaction completed under the Sale Process. Any such claim shall be the sole liability of the bidder who completes a Transaction under the Sale Process.

55. Participants in the Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with their participation in the Sale Process, including submission of any bids, due diligence activities, completion of a Successful Bid, preparation for and attendance at the Sale Approval Hearing and any negotiations or actions whether or not they lead to the consummation of a Transaction.

Supervision of the Sale Process

56. The Receiver will have responsibility for managing all communication with all Potential Bidders. This shall include facilitating the delivery of all communications, providing the Teaser Letter, coordinating the execution of NDAs, and managing the process of answering enquiries. Under no circumstances should a representative of the Company be contacted directly or indirectly in respect of the Sale Process, including diligence requests, without the prior written consent of the Receiver. Any such unauthorized contact or communication could result in exclusion from the Sale Process, in the Receiver's sole discretion.

57. The Company and its principals, employees and professional advisors shall cooperate fully with the Receiver and provide documents and information requested as part of the Sale Process to the Receiver in a prompt fashion.

Jurisdiction

58. All bidders (including Qualified Bidders) shall be deemed to have consented to the exclusive jurisdiction of the Ontario Superior Court of Justice (Commercial List) and waived any right to a jury trial in connection with any disputes relating to the Sale Process, including the qualification of bids, the construction and enforcement of the Sale Process, the selection of any Successful Bids and closing of any Transactions, as applicable.

ELA CAPITAL INC.

Court File No. CV-23-_____

Applicant

– and –

11157353 CANADA CORPORATION

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

AFFIDAVIT OF BENJAMIN TREFLER
(Application for appointment of receiver and other relief)
(sworn February 15, 2023)

RECONSTRUCT LLP

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Lawyers for the Applicant

TAB 3

Draft Receivership Order

were present, no one else appearing although duly served as appears from the affidavit of service of Joël Turgeon sworn February 16, 2023, and on reading the consent of KSV Restructuring Inc. to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time and manner for service of the Application Record is hereby abridged and validated so that this application is properly returnable today, and hereby dispenses with further service thereof.

EXCLUSION OF CANNABIS ASSETS & BUSINESS

2. **THIS COURT ORDERS** that, notwithstanding any other provision hereof, the Receiver is not appointed receiver and manager of and shall not occupy, or take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of (or be deemed to have taken Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of, any assets, properties, or undertakings of the Debtor or any of Materia Ventures Malta Ltd. and Materia Deutschland GmbH (collectively, the “**Subsidiaries**” and each individually, a “**Subsidiary**”), each a subsidiary of the Debtor, for which any permit or license is issued or required in accordance with the following legislation and any other applicable federal, provincial or state legislation, including any applicable legislation in any foreign jurisdiction including the United Kingdom or European Union, in connection with the cultivation, processing, sale, distribution and/or Possession of cannabis or cannabis-related products in Canada, the United States or in any foreign jurisdiction including the United Kingdom and European Union, and any regulations issued in connection therewith (collectively, the “**Controlled Substances Legislation**”), including:

- (a) *Cannabis Act*, S.C. 2018, c. 16;
- (b) *Excise Act, 2001*, S.C. 2002, c. 22;
- (c) *Cannabis Control Act, 2017*, S.O. 2017, c. 26;
- (d) *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26; and

(e) *Cannabis License Act, 2018*, S.O. 2018, c. 12

(all such assets, properties, or undertakings being collectively referred to herein as the “**Excluded Assets**”).

3. **THIS COURT ORDERS** that, notwithstanding any other provision hereof, the Receiver shall not manage, operate, or control (nor shall it be deemed to have managed, operated, or controlled) the business of the Debtor or any of its Subsidiaries for which any permit or license is issued or required in accordance with any Controlled Substances Legislation (collectively, the “**Excluded Business**”).

4. **THIS COURT ORDERS** that the Excluded Assets shall remain in the Possession and control of the Debtor and the Subsidiaries (as applicable), and the Debtor and the Subsidiaries shall continue to manage, operate, and control the Excluded Assets and Excluded Business in accordance with applicable Controlled Substances Legislation.

5. **THIS COURT ORDERS** that, notwithstanding any other provision hereof, for all applicable purposes of any Controlled Substances Legislation, the Receiver shall not exercise, nor shall it have (or be deemed to have) the authority to exercise, any direct control over any Subsidiary that is subject to any Controlled Substances Legislation.

6. **THIS COURT ORDERS** that, for greater certainty, nothing herein shall require the Receiver to take Possession of cannabis, cannabis-related products or any property or substances subject to any Controlled Substances Legislation and the Receiver shall not, as a result of this Order or anything done by the Receiver in accordance with this Order or any subsequent Order of the Court in this proceeding, be deemed to be in Possession of any property or substances subject to any Controlled Substances Legislation.

APPOINTMENT

7. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, KSV Restructuring Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business

carried on by the Debtor, including all proceeds thereof, but excluding the Excluded Assets and Excluded Business (the "**Property**").

RECEIVER'S POWERS

8. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property, including 100% of the issued and outstanding share capital in each of Materia Deutschland GmbH, Materia Ventures Malta Ltd., Kara Wellness Limited and Handpicked CBD Limited, and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) other than in respect of Excluded Assets and Excluded Business, to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) with the approval of this Court, to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* shall not be required;
- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof,

free and clear of any liens, encumbrances, or other instruments affecting such Property;

- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor (unless authorized by the Receiver), and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

9. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

10. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 10 or in paragraph 11 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

11. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate

access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

12. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

13. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

14. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business

which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

16. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

18. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the

credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

19. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

20. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

21. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to take Possession of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of

a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

22. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

23. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

25. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

26. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a Term Sheet among the Receiver, Ela and ReFlourish dated _____, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$575,000 Canadian Dollars or the equivalent amount in another currency in accordance with the applicable exchange rate (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures and the reasonable fees and disbursements of the Applicant's counsel. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

27. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

28. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

29. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

30. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol on the Receiver's website at <https://www.ksvadvisory.com/>.

31. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

32. **THIS COURT ORDERS** that the Receiver, its counsel and counsel for the Applicant are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably

required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtor's creditors or other interested parties and their advisors, including on Persons located in a jurisdiction outside Canada. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

33. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

34. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

35. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, the United Kingdom or the European Union to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

36. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

37. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis

to be paid by the Receiver from the Debtor's estate with the Receiver's borrowings referred to in paragraph 26 above.

38. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

39. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ELA CAPITAL INC.

Applicant

- and -

11157353 CANADA CORP.

Respondent

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the receiver (the “**Receiver**”) of the assets, undertakings and properties of 11157353 Canada Corp. (the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof, excluding the Excluded Assets and Excluded Business (each as defined in the Order) (collectively, the “**Property**”) appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated the 21st day of February, 2023 (the “**Order**”) made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the “**Lender**”) the principal sum of \$_____, being part of the total principal sum of \$575,000 Canadian Dollars (or the equivalent amount in another currency in accordance with the applicable exchange rate) which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender, subject to the terms of the Summary of Terms and Conditions, dated [**DATE**], entered into by

the Receiver, the Lender and [NAME], with interest thereon calculated and capitalized monthly in arrears after the date hereof at a rate per annum equal to 12 per cent.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable as directed by the Lender.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 2023.

KSV Restructuring Inc., solely in its capacity
as Receiver of the Property, and not in its
personal or corporate capacity

Per: _____

Name:

Title:

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

RECEIVERSHIP ORDER

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Lawyers for the Applicant

TAB 4

Comparison of draft Receivership Order to Commercial List model Receivership Order

Revised: January 21, 2014
s.243(1) BIA (National Receiver) and s. 101 CJA (Ontario)
Receiver

Court File No.

Court File No. _____

**ONTARIO
SUPERIOR COURT OF
JUSTICE**

COMMERCIAL LIST

~~THE~~) ~~WEEKDAY,~~
~~HONOURABLE~~) ~~THE #~~
_____)
~~DAY OF~~
~~JUSTICE~~ _____) ~~MONTH, 20YR~~

PLAINTIFF[†]

Plaintiff

THE HONOURABLE

) MONDAY, THE 21st

MR. JUSTICE OSBORNE

)

) DAY OF FEBRUARY, 2023

ELA CAPITAL INC.

DEFENDANT

Defendant

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[†]The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application.
This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.

11157353 CANADA
CORP.

Applicant

ORDER
**(~~appointing~~Appointing
Receiver)**

Respondent

THIS ~~MOTION~~APPLICATION made by the ~~Plaintiff~~Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing ~~[RECEIVER'S NAME]~~KSV Restructuring Inc. as receiver ~~[and manager]~~ (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties ~~of [DEBTOR'S NAME],~~ other than Excluded Assets and Excluded Business (each as defined below) of 11157353 Canada Corp. (the "Debtor") acquired for, or used in relation to, a business carried on by the Debtor; was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~Benjamin Trefler sworn ~~[DATE]~~February 15, 2023 and the Exhibits thereto and the pre-filing report of the Receiver dated February, 2023, and on hearing the submissions of counsel for ~~[NAMES]~~the Applicant, the Receiver, and such other counsel as

RECON:00045257.4

RECON:00045257.2

²-Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".

were present, no one else appearing ~~for [NAME]~~ although duly served as appears from the affidavit of service of ~~[NAME]~~ Joël Turgeon sworn ~~[DATE]~~ February 16, 2023, and on reading the consent of ~~[RECEIVER'S NAME]~~ KSV Restructuring Inc. to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time and manner for service of the ~~Notice of Motion and the Motion~~ Application Record is hereby abridged and validated³ so that this ~~motion~~ application is properly returnable today, and hereby dispenses with further service thereof.

EXCLUSION OF CANNABIS ASSETS & BUSINESS

2. **THIS COURT ORDERS** that, notwithstanding any other provision hereof, the Receiver is not appointed receiver and manager of and shall not occupy, or take control, care, charge, possession or management (separately and/or collectively, “Possession”) of (or be deemed to have taken Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of, any assets, properties, or undertakings of the Debtor or any of Materia Ventures Malta Ltd. and Materia Deutschland GmbH (collectively, the “Subsidiaries” and each individually, a “Subsidiary”), each a subsidiary of the Debtor, for which any permit or license is issued or required in accordance with the following legislation and any other applicable federal, provincial or state legislation, including any applicable legislation in any foreign jurisdiction including the United Kingdom or European Union, in connection with the cultivation, processing, sale, distribution and/or Possession of cannabis or cannabis-related products in Canada, the United States or in any foreign jurisdiction including the United Kingdom and European Union, and any regulations issued in connection therewith (collectively, the **“Controlled Substances Legislation”**), including:

(a) *Cannabis Act, S.C. 2018, c. 16;*

(b) *Excise Act, 2001, S.C. 2002, c. 22;*

(c) *Cannabis Control Act, 2017, S.O. 2017, c. 26;*

³ ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

(d) *Ontario Cannabis Retail Corporation Act, 2017, S.O. 2017, c. 26; and*

(e) *Cannabis License Act, 2018, S.O. 2018, c. 12*

(all such assets, properties, or undertakings being collectively referred to herein as the “Excluded Assets”).

3. **THIS COURT ORDERS** that, notwithstanding any other provision hereof, the Receiver shall not manage, operate, or control (nor shall it be deemed to have managed, operated, or controlled) the business of the Debtor or any of its Subsidiaries for which any permit or license is issued or required in accordance with any Controlled Substances Legislation (collectively, the “Excluded Business”).

4. **THIS COURT ORDERS** that the Excluded Assets shall remain in the Possession and control of the Debtor and the Subsidiaries (as applicable), and the Debtor and the Subsidiaries shall continue to manage, operate, and control the Excluded Assets and Excluded Business in accordance with applicable Controlled Substances Legislation.

5. **THIS COURT ORDERS** that, notwithstanding any other provision hereof, for all applicable purposes of any Controlled Substances Legislation, the Receiver shall not exercise, nor shall it have (or be deemed to have) the authority to exercise, any direct control over any Subsidiary that is subject to any Controlled Substances Legislation.

6. **THIS COURT ORDERS** that, for greater certainty, nothing herein shall require the Receiver to take Possession of cannabis, cannabis-related products or any property or substances subject to any Controlled Substances Legislation and the Receiver shall not, as a result of this Order or anything done by the Receiver in accordance with this Order or any subsequent Order of the Court in this proceeding, be deemed to be in Possession of any property or substances subject to any Controlled Substances Legislation.

APPOINTMENT

7. ~~2.~~ **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, ~~[RECEIVER'S NAME]~~ KSV Restructuring Inc. is hereby appointed Receiver,

without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business

carried on by the Debtor, including all proceeds thereof, but excluding the Excluded Assets and Excluded Business (the "Property").

RECEIVER'S POWERS

8. ~~3.~~ **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property, including 100% of the issued and outstanding share capital in each of Materia Deutschland GmbH, Materia Ventures Malta Ltd., Kara Wellness Limited and Handpicked CBD Limited, and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) other than in respect of Excluded Assets and Excluded Business, to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the

exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings.⁴ The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

⁴~~This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.~~

- (k) with the approval of this Court, to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
- ~~(i) without the approval of this Court in respect of any transaction not exceeding \$ _____, provided that the aggregate consideration for all such transactions does not exceed \$ _____; and~~
 - ~~(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;~~

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, ~~[or section 31 of the Ontario *Mortgages Act*, as the case may be,]⁵ shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.;~~

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof,
- free and clear of any liens ~~or~~ encumbrances, or other instruments affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for

~~⁵If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.~~

and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor (unless authorized by the Receiver), and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

9. ~~4.~~ **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

10. ~~5.~~ **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit

the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph ~~5~~10 or in paragraph ~~6~~11 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

11. ~~6.~~ **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate

access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

12. ~~7.~~ **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

13. ~~8.~~ **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

14. ~~9.~~ **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. ~~10.~~ **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business

which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, ~~(iii)~~

(iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

16. ~~11.~~ **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

17. ~~12.~~ **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

18. ~~13.~~ **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the

credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

19. ~~14.~~ **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or

in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

20. ~~15.~~ **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

21. ~~16.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to ~~occupy or to~~ take ~~control, care, charge, possession or management (separately and/or collectively, "Possession")~~ of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of

a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of

the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

22. ~~17.~~ **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

23. ~~18.~~ **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.⁶

24. ~~19.~~ **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass ~~its~~their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

25. ~~20.~~ **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at

⁶~~Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".~~

the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

26. ~~21.~~ **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a ~~revolving credit or otherwise~~ Term Sheet among the Receiver, Ela and ReFlourish dated _____, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$ ~~_____~~ 575,000 Canadian Dollars or the equivalent amount in another currency in accordance with the applicable exchange rate (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures and the reasonable fees and disbursements of the Applicant's counsel. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

27. ~~22.~~ **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

28. ~~23.~~ **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

29. ~~24.~~ **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

30. ~~25.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol ~~withon~~ the ~~following URL ‘<@>’~~ Receiver’s website at <https://www.ksvadvisory.com/>.

31. ~~26.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

32. **THIS COURT ORDERS** that the Receiver, its counsel and counsel for the Applicant are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably

required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtor’s creditors or other interested parties and their advisors, including on Persons located in a jurisdiction outside Canada. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).*

GENERAL

33. ~~27.~~ **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

34. ~~28.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

35. ~~29.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada ~~or in~~ the United States, the United Kingdom or the European Union to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

36. ~~30.~~ **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

37. ~~31.~~ **THIS COURT ORDERS** that the Plaintiff Applicant shall have its costs of this ~~motion~~ application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff Applicant's security or, if not so provided by the Plaintiff Applicant's security, then on a substantial indemnity basis

to be paid by the Receiver from the Debtor's estate with ~~such priority and at such time as this Court may determine~~ the Receiver's borrowings referred to in paragraph 26 above.

38. ~~32.~~ **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

39. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.

~~SCHEDULE "A"~~ Court File No.

ONTARIO
SUPERIOR COURT OF
JUSTICE COMMERCIAL
LIST

BETWEEN:

ELA CAPITAL INC.

Applicant

- and -

11157353 CANADA CORP.

Respondent

**RECEIVER
CERTIFICATE**

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that ~~[RECEIVER'S NAME]~~ KSV Restructuring Inc., the receiver (the "Receiver") of the assets, undertakings and properties ~~[DEBTOR'S NAME]~~ of 11157353 Canada Corp. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof, excluding the Excluded Assets and Excluded Business (each as defined in the Order) (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 21st day of February, 2023 (the "Order") made in an action having Court file number -CL-, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ 575,000 Canadian Dollars (or the equivalent amount in another currency in accordance with the applicable exchange rate) which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender.

subject to the terms of the Summary of Terms and Conditions, dated [DATE], entered into by

the Receiver, the Lender and [NAME], with interest thereon calculated and ~~compounded~~
~~[daily][capitalized~~ monthly ~~not in advance on the _____ day of each month]~~ arrears after the
date hereof at a ~~notional~~ rate per annum equal to ~~the rate of _____~~ 12 per cent ~~above the~~
~~prime commercial lending rate of Bank of _____~~ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable ~~at the main office of~~ as directed by the Lender ~~at Toronto, Ontario~~.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, ~~20~~ 2023.

~~[RECEIVER'S NAME]~~ KSV
Restructuring Inc., solely in its capacity as
Receiver of the Property, and not in its
personal or corporate capacity

Per: _____

Na
me:

Titl
e:

<u>ELA CAPITAL INC.</u>	<u>and</u>	<u>1157353 CANADA CORP.</u>	<u>Court File No..</u>
<u>Applicant</u>		<u>Respondents</u>	

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced at Toronto

RECEIVERSHIP ORDER

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Lawyers for the Applicant

Document comparison by Workshare 10.0 on Wednesday, February 15, 2023 7:12:38 PM

Input:	
Document 1 ID	file://\WFK-DC\UPM_FOLDERS\$\jturgeon\Downloads\receivership-order-EN (1).doc
Description	receivership-order-EN (1)
Document 2 ID	file://\WFK-DC\UPM_FOLDERS\$\jturgeon\Desktop\Final RO.pdf
Description	Final RO
Rendering set	Standard

Legend:	
	<u>Insertion</u>
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	Style change
	Format change
	Moved deletion
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:

	Count
Insertions	190
Deletions	151
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	345

TAB 5

Draft Ancillary Order

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.) MONDAY, THE 21st
JUSTICE OSBORNE) DAY OF FEBRUARY, 2023

ELA CAPITAL INC.

Applicant

- and -

11157353 CANADA CORP.

Respondent

ORDER
(Approval of Sale Process, Stalking Horse SPA and KERP)

THIS APPLICATION made by the Applicant for, *inter alia*, an Order approving a sale process (the “**Sale Process**”) with respect to the Property (as defined in the Order Appointing Receiver made by this Court, this day, in this Court file (the “**Appointment Order**”)) of the Respondent was heard this day at 330 University Avenue, Toronto, Ontario, by videoconference.

ON READING the Application Record, including the affidavit of Benjamin Trefler sworn February 15, 2023 (the “**Trefler Affidavit**”) and the Exhibits thereto, and the pre-filing report of KSV Restructuring Inc. as the proposed receiver and manager of

the Respondent (in such capacity, the “**Receiver**”) dated February ____, 2023 (the “**Pre-Filing Report**”), and on hearing the submissions of counsel for the Applicant, the Receiver, and such other counsel as were present and listed on the counsel slip, no one else appearing although duly served as appears from the affidavit of service of Joël Turgeon sworn February 16, 2023:

DEFINITIONS

1. **THIS COURT ORDERS** that capitalized terms not defined herein shall have the meanings set out in the Sale Process.

SERVICE

2. **THIS COURT ORDERS** that the time and manner for service of the Application Record and the Pre-Filing Report are hereby abridged and validated so that this application is properly returnable today, and hereby dispenses with further service thereof.

APPROVAL OF SALE PROCESS

3. **THIS COURT ORDERS** that the Sale Process terms attached hereto as Schedule ‘A’ (the “**Sale Process Terms**”) are hereby approved.
4. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to perform its obligations under the Sale Process in accordance with the Sale Process Terms and to take such further steps as it considers appropriate or necessary in carrying out the Sale Process.

5. **THIS COURT ORDERS** that the Receiver, the Respondent, and their respective affiliates, partners, directors, officers, employees, advisors, lawyers and agents (each, a “**Representative**”) shall have no personal or corporate liability with respect to any and all losses, claims, damages or liabilities, of any nature and kind, to any person in connection with or as a result of the Sale Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Receiver, the Respondent, or the applicable Representative, as determined by this Court.

APPROVAL OF THE STALKING HORSE AGREEMENT

6. **THIS COURT ORDERS** that the Share Purchase Agreement between the Receiver and Reflourish Capital Limited (the “**Reflourish Stalking Horse Agreement**”) of which a copy is attached as Exhibit “P” to the Trefler Affidavit, is hereby approved, including the break fee and expense reimbursement provisions set out therein, and the Receiver is hereby authorized and directed to execute the Reflourish Stalking Horse Agreement for purposes of constituting the “stalking horse” bid in respect of the Germany Shares in the Sale Process. For the avoidance of doubt, nothing contained in this Order approves the sale or the vesting of the assets as contemplated in the Reflourish Stalking Horse Agreement and it is understood that this Court’s approval of the Successful Bid(s) will be considered on a subsequent motion made to this Court in accordance with the Sale Process.

KERP APPROVAL

7. **THIS COURT ORDERS** that the KERP (as defined in the Trefler Affidavit) is hereby approved and that the Receiver is hereby authorized and directed to cause the Respondent to make payments and act in accordance with the KERP.
8. **THIS COURT ORDERS** that the key employee referred to in the KERP (the “**Key Employee**”) shall be entitled to the benefit of and is hereby granted a charge on the all of the assets, undertakings and properties of the Respondent, including all proceeds thereof (the “**KERP Charge**”) to secure the amounts payable to the Key Employee under the KERP. The KERP Charge shall have the priority set out in paragraph 9 below.
9. **THIS COURT ORDERS** that the priorities of the KERP Charge, the Receiver’s Charge and the Receiver’s Borrowings Charge, as among them, shall be as follows:

First – the Receiver’s Charge (as defined in the Appointment Order);

Second – the Receiver’s Borrowings Charge (as defined in the Appointment Order); and

Third – the KERP Charge.

SEALING

10. **THIS COURT ORDERS** that the terms of the KERP, a copy of which is attached as Confidential Exhibit “1” to the Trefler Affidavit, be and hereby are

sealed until 30 days after the completion of the Sale Process, or further Court Order.

GENERAL

11. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States, in the United Kingdom, or in the European Union to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
13. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

14. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.
-

SCHEDULE 'A'
SALE PROCESS TERMS.

Sale Process

Overview

1. On February 21, 2023, pursuant to an order (the “**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), KSV Restructuring Inc. was appointed as receiver and receiver and manager (the “**Receiver**”), without security, of all of the assets, undertakings and properties, excluding the Excluded Assets and Excluded Business (as defined in the Receivership Order) (the “**Property**”) of 11157353 Canada Corp. (the “**Company**”) which is principally comprised of 100% of the issued and outstanding share capital in Materia Deutschland GmbH (the “**Germany Shares**”), 100% of the issued and outstanding share capital in Materia Ventures Malta Ltd. (the “**Malta Shares**”), and 100% of the issued and outstanding share capital in Kara Wellness Limited and Handpicked CBD Limited (the “**UK Shares**”, together with the Germany Shares and Malta Shares, the “**Assets**”).
2. Pursuant to the Receivership Order, the Receiver is authorized to market any or all of the Property of the Company, which marketing may involve advertising or soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver may deem appropriate (the “**Sale Process**”).
3. On February 21, 2023, the Court issued an Order (the “**Sale Process Order**”) that, among other things:
 - (a) approved the Sale Process as described herein; and
 - (b) approved and accepted the Share Purchase Agreement between the Receiver and Reflourish Capital Limited (“**Reflourish**” and the “**Stalking Horse Bid**”) for the purpose of conducting a “stalking horse” solicitation process in respect of the Germany Shares, in accordance with the Sales Process.

Purpose

4. The purpose of this Sale Process is to seek offers for the purchase of: (i) the Germany Shares for an amount and on terms which are superior to the transaction contemplated by the Stalking Horse Bid; (ii) the Malta Shares; and (iii) the UK Shares.
5. The Sale Process, and any orders of the Court made in the proceeding relating to the Sale Process, shall exclusively govern the process for soliciting and selecting bids for the sale of the Assets (each, a “**Transaction**”).

Timeline

6. The following table sets out the key milestones and deadlines under the Sale Process:

Milestone	Deadline
Sale Process Commencement	As soon as practicable following the granting of the Sale Process Order
Publication of Notice of the Sale Process and delivery of the Teaser Letter and NDA to Potential Bidders, and upon execution of the NDA, provide Potential Bidders with access to the CIM and Data Room	As soon as practicable following the granting of the Sale Process Order
Bid Deadline	30 days after the granting of the Sale Process Order (the “ Bid Deadline ”)
Selection of the Successful Bid(s), including, if necessary, holding the Auction	As soon as reasonably practical following the Bid Deadline
Approval Hearing with the Court	As soon as reasonably practical following the Selection of the Successful Bid (s)
Closing of the Transaction under the Successful Bid(s)	No later than 5 days following the Court granting the Approval and Vesting Order (the “ Closing Date ”)

7. The deadlines set out in paragraph 6 above may be extended by the Receiver, acting reasonably, for up to a maximum of one week in the aggregate without the approval of the Court or the Stalking Horse Bidder. Any such extensions will be communicated to all bidders in writing.

8. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day (a “**Business Day**” is any day, other than a Saturday or Sunday, on which banks are ordinarily open for business in Toronto, Ontario).

Pre-Marketing Stage

9. As soon as reasonably practicable (the “**Sale Process Commencement**”), the Receiver will:

- (a) prepare: (i) a process summary (the “**Teaser Letter**”) describing the opportunity, outlining the process under the Sale Process and inviting recipients of the Teaser

Letter to express their interest pursuant to the terms of the Sale Process; (ii) a non-disclosure and confidentiality agreement with the Receiver (an “**NDA**”); and (iii) a confidential information memorandum (“**CIM**”). The Teaser Letter will specifically stipulate that the Receiver makes no representations or warranties as to the accuracy or completeness of the information contained in the Teaser Letter, the Data Room (as defined below), or made available pursuant to the Sale Process or otherwise, except to the extent expressly contemplated in any definitive sale agreement with a Successful Bidder (as defined below) ultimately executed and delivered by the Receiver;

- (b) gather and review all due diligence materials, it determines to be relevant, to be provided to interested parties and establish a secure, electronic data room (the “**Data Room**”), which will be maintained and administered by the Receiver throughout the Sale Process; and
- (c) prepare a list of potential interested parties (each a “**Potential Bidder**”), including:
 - (i) parties that have approached the Company or the Receiver indicating an interest in the opportunity; and
 - (ii) local and international strategic and financial parties who the Receiver believes may be interested in purchasing all or part of the Assets.

Marketing Stage

- 10. As soon as reasonably possible after the Sale Process Commencement, the Receiver shall:
 - (a) arrange for a notice of the Sale Process (and such other relevant information as the Receiver considers appropriate) (the “**Notice**”) to be published in such newspaper(s), publication(s) or journal(s) as the Receiver considers appropriate; and
 - (b) send the Teaser Letter and NDA to all Potential Bidders and to any other party who responds to the Notice as soon as reasonably practicable.

Free of Any and all Claims and Interests

11. Depending on the structure of the Transaction proposed by a Qualified Bidder (as defined herein), the Assets of the Company shall be transferred free and clear of all liens and claims, subject to any permitted encumbrances, pursuant to an approval and vesting order issued by the Court approving the Transaction (the “**Approval and Vesting Order**”). For greater certainty, all security interests, liens, claims and encumbrances will be discharged from the Assets and will attach to the net proceeds from a Transaction(s) following the granting of the Approval and Vesting Order.

“As Is, Where Is”

12. Any purchase of the Assets will be on an “as is, where is” basis without representations or warranties of any kind, nature or description by the Receiver or Company or any of their respective directors, officers, partners, employees, agents, advisors, representatives or estates,

except to the extent as may be set forth in a Binding APA (as defined herein) and approved by the Court.

13. By submitting a bid, each Potential Bidder (as defined herein) shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Company and the Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and information in respect of the Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties or guarantees, express, implied, statutory or otherwise, regarding the Company or its Assets or the completeness of any information provided in connection therewith, except as expressly stated in this Sale Process or as set forth in a Binding APA and approved by the Court.

Participation Requirements

14. Each Potential Bidder must deliver to the Receiver, an executed NDA, in the form provided by the Receiver, prior to the distribution of any confidential information by the Receiver.

15. If it is determined by the Receiver that a Potential Bidder: (i) has a *bona fide* interest in pursuing a Transaction (based on financial ability to consummate a transaction, industry experience, and other factors); and (ii) has delivered an executed NDA, then such Potential Bidder will be deemed to be a “**Qualified Bidder**”.

16. Reflourish shall be deemed to be a Qualified Bidder in respect to the Germany Shares for the purposes of this Sale Process.

17. The Receiver will grant each Qualified Bidder access to the Data Room and CIM, as soon as reasonably practicable, which will provide, among other things, information considered relevant to the Sale Process, including in the case of a Qualified Bidder that desires to make a bid for the Germany Shares, the Stalking Horse Bid.

18. No Potential Bidder or Qualified Bidder, nor the Stalking Horse Bidder shall be permitted to receive the details of any bids or Binding APAs submitted or the details or existence of any confidential discussions or correspondence among the Company, the Receiver and any bidder in connection with the Sale Process, except to the extent the Receiver, at its sole discretion, determines is reasonable or in preparation for the Auction (as defined below).

Due Diligence

19. The Receiver, subject to competitive and other business considerations, may give each Qualified Bidder such access to due diligence materials and information relating to the Company as the Receiver deems appropriate. Due diligence access may include access to the Data Room, on-site inspections and other matters which a Qualified Bidder may reasonably request and to which the Receiver may agree. Neither the Receiver, nor any of its representatives will be obligated to furnish any information relating to the Company to any person. The Receiver and Company make no representation or warranty, express or implied, as to the information provided through this due diligence process or otherwise, except as may be set forth in a Binding APA.

Binding APAs

20. A Qualified Bidder that desires to make a bid for the Germany Shares shall deliver written copies of its bid, in the form of the Stalking Horse Bid, together with a blackline outlining all changes made to the Stalking Horse Bid (the “**Binding APA for the Germany Shares**”).

21. A Qualified Bidder that desires to make a bid for the Malta Shares shall deliver written copies of its bid in the form of a share purchase agreement (the “**Binding APA for the Malta Shares**”).

22. A Qualified Bidder that desires to make a bid for the UK Shares shall deliver written copies of its bid in the form of a share purchase agreement (together with the Binding APA for the Germany Shares and the Binding APA for the Malta Shares, a “**Binding APA**”).

23. The Receiver will consider (i) a bid for all of the Company’s Assets (an “**En Bloc Bid**”) or (ii) separate bids to acquire some but not all of the Company’s Assets (“**Piecemeal Bids**”). Subject to Court approval, the Receiver has the right to accept an En Bloc Bid if the total consideration is greater than separate Piecemeal Bids.

24. A Binding APA (for any of the Assets) must be submitted to the Receiver as follows: Attn: Noah Goldstein [ngoldstein@ksvadvisory.com] and Eli Brenner [ebrenner@ksvadvisory.com], so as to be received by no later than the Bid Deadline.

25. A Binding APA must comply with all of the following:

- (a) it is received by the Receiver prior to the Bid Deadline;
- (b) the bid (either individually or in combination with another bid that makes up one Binding APA) is an offer:
 - (i) to purchase the Germany Shares on terms consistent with the form of the Stalking Horse Bid, together with all completed schedules thereto, and on conditions acceptable to the Receiver;
 - (ii) to purchase the Malta Shares on terms reflected in a share purchase agreement, together with all completed schedules thereto, and on conditions acceptable to the Receiver; and
 - (iii) to purchase the UK Shares on terms reflected in a share purchase agreement, together with all completed schedules thereto, and on conditions acceptable to the Receiver;
- (c) it is duly authorized and executed, and includes a purchase price for the Assets (collectively, the “**Purchase Price**”):
 - (i) with respect to the Germany Shares, €400,000 (or the equivalent in Canadian Dollars) in cash due on closing of the Transaction plus (i) a minimum incremental amount of \$6,000 Canadian Dollars in excess of the

aggregate purchase price contemplated by the Stalking Horse Bid; (ii) a reimbursement of Re flourish's reasonable fees and disbursements relating to the preparation and execution of the Stalking Horse Bid in the maximum amount of \$25,000 Canadian Dollars; and (iii) a break fee in the amount of \$20,000 Canadian Dollars (inclusive of HST, if any);

- (ii) with respect to the Malta Shares, an amount in cash due on closing of the Transaction; and
 - (iii) with respect to the UK Shares, an amount in cash due on closing of the Transaction.
- (d) includes a letter of acknowledgment stating that the Qualified Bidder's offer is irrevocable and open for acceptance until the closing of the Successful Bid (as defined herein);
 - (e) it is accompanied by written evidence of a firm, irrevocable commitment for financing or other evidence satisfactory to the Receiver, in its sole discretion, of the ability of the Qualified Bidder to consummate the proposed Transaction, and that will allow the Receiver to make a determination as to the Qualified Bidder's financial and other capabilities to consummate the proposed sale and pay the Purchase Price;
 - (f) it will be unconditional (other than customary or other conditions acceptable to the Receiver in its sole discretion) and not subject to further due diligence;
 - (g) it fully discloses the identity of each person or entity (including all beneficial owners of such entity) that will be bidding for, or otherwise sponsoring, financing, participating or benefiting from such bid;
 - (h) it includes an acknowledgement and representation of the Qualified Bidder that:
 - (i) it has had an opportunity to conduct any and all due diligence regarding the Assets prior to making its bid; (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Assets, the Company or the completeness or accuracy of any information provided by the Receiver or any other party in connection therewith;
 - (i) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution and delivery of the Binding APA submitted by the Qualified Bidder;
 - (j) provides a deposit in the amount of not less than 15% of the Purchase Price offered by the Qualified Bidder (the "**Deposit**"); and

(k) the bid contemplates closing the Transaction by or on the Closing Date.

26. The Receiver may determine, at its sole discretion, whether to entertain bids for the Germany Shares, the Malta Shares, and/or the UK Shares that do not conform to one or more of the requirements for a Binding APA specified herein.

27. Notwithstanding anything herein, the offer represented by the Stalking Horse Bid with respect to the Germany Shares shall be deemed to be a Binding APA for the Germany Shares.

Evaluation of Binding APA

28. Each Binding APA will be considered and reviewed by the Receiver based upon several factors including, without limitation, the Purchase Price and the net value provided by such bid, the financial ability of the Qualified Bidder to close the Transaction, the claims likely to be created by such bid in relation to other bids, the counterparties to such transactions, the proposed transaction documents, other factors affecting the speed and certainty of the closing of the Transaction, the value of the transaction, the Assets included or excluded from the bid, the transition services required from the Receiver (if any), any related transaction costs, the likelihood and timing of consummating such transactions, and such other matters as the Receiver may determine.

29. Each Qualified Bidder shall comply with all reasonable requests for additional information by the Receiver regarding the Qualified Bidder or the Binding APA. Failure of a Qualified Bidder to comply with such requests for additional information will be a basis for the Receiver to reject a Binding APA.

Selection of Successful Germany Share Bid

30. With respect to the Germany Shares the Receiver may identify the highest or otherwise best offer for the Germany Shares (the “**Successful Germany Share Bid**”).

31. If no Binding APA for the Germany Shares (other than the Stalking Horse Bid) is received by the Bid Deadline, the Stalking Horse Bid shall be deemed the Successful Germany Share Bid.

32. If the Receiver receives one or more Binding APAs for the Germany Shares, it may, in the Receiver’s sole discretion, proceed with an auction to select the Successful Germany Share Bid (an “**Auction**”) on notice to each Qualified Bidder that submits a Binding APA for the Germany Shares and is invited to attend the Auction by the Receiver having regard to the terms of its Binding APA for the Germany Shares (each, an “**Auction Bidder**”). For greater certainty, Reflourish shall constitute an Auction Bidder in all circumstances in which an Auction is conducted for the Germany Shares.

33. If an Auction is commenced, the Receiver will implement Auction procedures that will be made available to all Auction Bidders if and when the Auction is implemented.

34. The Receiver shall consult with ELA Capital Inc, as applicant in these proceedings (“**Ela Capital**”), prior to the determination of a Successful Germany Share Bid by the Receiver, provided Ela Capital has not and confirms it has no intention to make a bid for any Assets.

Selection of Successful UK Share Bid and Malta Share Bid

35. With respect to the UK Shares and the Malta Shares: (i) the Receiver may identify the highest or otherwise best offer or combination of offers for the UK Shares (the “**Successful UK Share Bid**”); (ii) the Receiver may identify the highest or otherwise best offer or combination of offers for the Malta Shares (the “**Successful Malta Share Bid**”); or (iii) if the Receiver determines that two or more Binding APAs for the UK Shares and the Malta Shares are close in value, at the discretion of the Receiver, the Receiver may decide to negotiate with the applicable Qualified Bidders in order for the Qualified Bidders to submit an improved bids for the UK Shares or the Malta Shares, and as a result of such negotiations and the Receiver may identify a Successful UK Share Bid and Successful Malta Share Bid.

36. The Receiver shall consult with Ela Capital prior to the determination of a Successful UK Share Bid and the Successful Malta Share Bid by the Receiver, provided Ela Capital has not and confirms it has no intention to make a bid for any Assets.

37. The Receiver shall have no obligation to select a Successful UK Share Bid or a Successful Malta Share Bid and it reserves the right to reject any or all Binding APAs.

Backup Bid(s)

38. After selecting the Successful Bid(s), the Receiver may, at its sole discretion, chose the second highest or otherwise best offer or combination of offers for the Assets to act as the backup bid (the “**Backup Bid**”) in circumstances where the Transaction(s) contemplated by the Successful Bid(s) does not close.

Treatment of Deposits

39. In the event a Binding APA is not selected as a Successful Malta Share Bid, a Successful Germany Share Bid, or a Successful UK Share Bid (each a “**Successful Bid**”), the Deposit (without interest) shall be returned to the Qualified Bidder as soon as reasonably practicable after the closing of the Successful Bid.

40. A Binding APA may not be withdrawn, modified or amended without the written consent of the Receiver prior to the closing of the Successful Bid. Any such withdrawal, modification or amendment made without the written consent of the Receiver prior to the closing of the Successful Bid shall result in the forfeiture of such Qualified Bidder’s Deposit as liquidated damages and not as a penalty.

41. If a Qualified Bidder who made a Successful Bid breaches its obligations under the terms of the Sale Process or Binding APA, its deposit shall be forfeited as liquidated damages and not as a penalty.

Sale Approval Hearing

42. The sale of the Assets to any Successful Bidder is expressly conditional on the approval of the Successful Bid by the Court pursuant to an Approval and Vesting Order.

43. The motion for an order of the Court approving any Successful Bid (the “**Sale Approval Hearing**”) shall be brought by the Receiver. The Sale Approval Hearing shall be heard on a date determined by the Receiver and subject to the Court’s availability.

44. All of the Binding APAs for the Germany Shares other than any Successful Germany Share Bid, if any, shall be deemed rejected by the Receiver immediately after the closing of the Successful Germany Share Bid.

45. All of the Binding APAs for the Malta Shares other than any Successful Malta Share Bid, if any, shall be deemed rejected by the Receiver immediately after the closing of the Successful Malta Share Bid.

46. All of the Binding APAs for the UK Shares other than any Successful UK Share Bid, if any, shall be deemed rejected by the Receiver immediately after the closing of the Successful UK Share Bid.

Reservation of Rights

47. The Receiver may: (a) determine which Binding APA, if any, is the highest or otherwise best offer; and (b) notwithstanding anything contained herein, at any time before the issuance and entry of an Approval and Vesting Order, reject any bid that it determines is (i) inadequate or insufficient; or (ii) not in conformity with the requirements of this Sale Process or any order of the Court.

48. This Sale Process does not, and shall not be interpreted to, create any contractual or other legal relationship between the Receiver and any other party, other than as specifically set forth in definitive agreements that may be executed.

49. The Receiver shall have the right to adopt such rules, not inconsistent with the Sale Process described herein, that, in its reasonable discretion, will promote the goals of the Sale Process.

50. The Receiver may make any modification to the Sale Process that it considers appropriate in the circumstances and, if determined necessary or desirable in the Receiver’s sole discretion, it will seek Court approval of such modification on notice to the service list in the receivership proceeding. For greater certainty, any extension of time by the Receiver pursuant to paragraph 6 herein will not be considered “material”.

Approvals

51. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the Receivership Order or any other statute or as otherwise required at law in order to implement a Successful Bid.

Limitation of Liability

52. The Receiver and the Company shall not have any liability whatsoever to any person or party, including without limitation to any Potential Bidder, Qualified Bidder, a bidder who

submits a Successful Bid or any creditor or other stakeholder, for any act or omission related to this Sale Process, save gross negligence or willful misconduct. By submitting a bid, each Potential Bidder shall be deemed to have agreed that it has no claim against the Receiver for any reason, matter or thing whatsoever, save gross negligence or willful misconduct.

53. Other than as specifically set forth in a definitive agreement between the Receiver and a Successful Bidder, the Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship among the Company, the Receiver, a Potential Bidder, a Qualified Bidder, a Successful Bidder, or any other party.

54. The Receiver and the Company shall not be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the completion of any Transaction completed under the Sale Process. Any such claim shall be the sole liability of the bidder who completes a Transaction under the Sale Process.

55. Participants in the Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with their participation in the Sale Process, including submission of any bids, due diligence activities, completion of a Successful Bid, preparation for and attendance at the Sale Approval Hearing and any negotiations or actions whether or not they lead to the consummation of a Transaction.

Supervision of the Sale Process

56. The Receiver will have responsibility for managing all communication with all Potential Bidders. This shall include facilitating the delivery of all communications, providing the Teaser Letter, coordinating the execution of NDAs, and managing the process of answering enquiries. Under no circumstances should a representative of the Company be contacted directly or indirectly in respect of the Sale Process, including diligence requests, without the prior written consent of the Receiver. Any such unauthorized contact or communication could result in exclusion from the Sale Process, in the Receiver's sole discretion.

57. The Company and its principals, employees and professional advisors shall cooperate fully with the Receiver and provide documents and information requested as part of the Sale Process to the Receiver in a prompt fashion.

Jurisdiction

58. All bidders (including Qualified Bidders) shall be deemed to have consented to the exclusive jurisdiction of the Ontario Superior Court of Justice (Commercial List) and waived any right to a jury trial in connection with any disputes relating to the Sale Process, including the qualification of bids, the construction and enforcement of the Sale Process, the selection of any Successful Bids and closing of any Transactions, as applicable.

Court File No. _____

ELA CAPITAL INC.

and

11157353 CANADA CORP.

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**ORDER
(Approval of Sale Process, Stalking Horse SPA
and KERP)**

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TAB 6

Consent of KSV Restructuring Inc. to act as Receiver

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N :

ELA CAPITAL INC.

Applicant

- and -

11157353 CANADA CORP.

Respondent

IN THE MATTER OF THE RECEIVERSHIP OF 11157353 CANADA CORP.

CONSENT TO ACT AS RECEIVER

KSV RESTRUCTURING INC. hereby consents to act as the court appointed receiver and manager, without security, of all of the assets, undertakings and properties, other than certain excluded cannabis assets and business, of 11157353 CANADA CORP.

DATED at CITY OF TORONTO, Ontario on the 15th day of February, 2023.

[Signature page follows]

KSV RESTRUCTURING INC.



NOAH GOLDSTEIN

MANAGING DIRECTOR, LIT

ELA CAPITAL INC.

and

11157353 CANADA CORPORATION

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

APPLICATION RECORD

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